

TWO YEARS OF PEACE?
THE SCHOOLS CONSULTATIVE GROUP AND THE
STATE IN NEW ZEALAND.

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A thesis presented in fulfilment of the requirements
for the degree of
Doctor of Philosophy (Education)
University of Canterbury

May 1996

This thesis is an examination of the formation, operation and dissolution of the Schools Consultative Group in New Zealand. In the context of the neo-Liberal restructuring of the state sector that occurred throughout the 1980s, the formation of this group was a political anomaly. The expulsion of 'vested interests' from the education sector, as in other public sectors, was a significant theme of the reorganisation of the administration of education. Yet the Schools Consultative Group, as a collection of education sector interest groups, was invited by the Minister of Education to advise him on matters of policy. While appearing to function as a consultative forum, it is argued in this thesis that the need for such a group arose out of the structural inadequacies of the neo-Liberal state form. More particularly, the struggle in education, which had reached critical proportions by 1992, was precipitated by the structural exclusion of education sector groups as 'vested interests'. The transformation of both modes of interest representation and intervention in the education state generated a structural crisis which was manifested in the form of a political crisis of support for continued educational reform. It is suggested here that the Schools Consultative Group represented a political strategy to contain the education crisis and to remove from the public arena a very public conflict between the Minister of Education and the teachers' unions over the direction of education policy.

ACKNOWLEDGEMENTS

A considerable debt of gratitude is owed to a number of people who aided and abetted in the production of this thesis. First of all I would like to thank the members of the SCG who agreed to be interviewed for this research and to Gregor McLennan at Massey University for commenting on a draft of Chapter II. Within the Education Department here at Canterbury, my thanks go to Roger Corbett for his help with computer things above and beyond the call of duty, and to David Hughes, who helped my bank account get off life-support from time to time.

I would like to thank Susannah for taking on the enormously sensitive task of proof reading, and for whom I expect to be doing the same in the not too distant future. For her friendship and support through what, at times, is a challenging process, an even bigger debt is owed. To Helen also, for her friendship and wisdom, although mere thanks barely registers my appreciation.

To my sister Kristina and to Ken, for their support and encouragement and for putting up with the frequent bouts of uncertainty that go hand in hand with an endeavour such as this. To my parents, who thought, I am sure, that by the age of 33 they would have me well and truly off their hands, for always being there when I needed them, their generosity and for a degree of material comfort I could not have afforded on my own.

Lastly, to Liz Gordon, my supervisor and, I am very glad to say, good friend. Without her encouragement, enthusiasm and commitment to her students, this task would not have been started let alone finished. While her exhortations to 'just do it' often seemed to demand the impossible, it turned out to be very good advice indeed.

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ABBREVIATIONS

APIS	Association of Proprietors of Independent Schools
DRS	Direct-Resourced Salaries
ECA	Employment Contracts Act 1991
EFTS	Equivalent full-time students
ERO	Education Review Office
FTTE	Full-time teacher equivalents
I. C. and A. Act	Industrial Conciliation and Arbitration Act 1894
ISC	Independent Schools' Council
LRA	Labour Relations Act 1987
MOE	Ministry of Education
MRG	Ministerial Reference Group
NZEI	New Zealand Education Institute
NZISPA	NZ Intermediate Schools' Principals' Assn.
PCET	Post Compulsory Education and Training
PPTA	Post Primary Teachers' Association
SCC	Schools Consultative Committee
SCG	Schools Consultative Group
SGM	Salaries Grant for Management
SOE	State Owned Enterprise
SPANZ	Secondary Principals' Association of New Zealand
SSC	State Services Commission
STA	School Trustees Association
TSG	Teachers' Salaries Grant (bulk funding trial)

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INTRODUCTION

In October 1992, a group called the Schools Consultative Group (SCG) was formed. The SCG was made up of representatives of the main state and private education sector groups (unions, principals' associations and employers) and from several key ministries and agencies¹. Its task was, ostensibly, to find a solution to the continued conflict between the teachers' unions and the government over the bulk funding of teacher salaries, which had simmered since the proposal was made in 1988, in the Labour Government's policy statement, *Tomorrow's Schools*,² to devolve the administration of teachers' salaries to individual school boards.

The proposal to dismantle teachers' centralised pay system met with enormous resistance from the unions, and became a key focus of both their industrial and professional campaigns of opposition. Bulk funding was, however, only one point of conflict within a much broader process of contestation. Union opposition had been occurring in response to a whole range of issues arising from the neo-Liberal programme of reform implemented by successive Labour and National governments across the entire state sector, not just education. When the Labour Government specifically set out to restructure the education sector, however, the policy of devolution appeared to be a direct threat to the unions, because devolved pay was perceived as the first step towards site-based bargaining, with the concomitant agenda of weakening union power.

Prior to its restructuring, the education state - made up of the Department of Education, the teacher unions, the old school boards and other education groups - had, as Gordon (1992) notes, endeavoured to operate in a collaborative and consultative manner. The New Zealand Education Institute (NZEI), the union of primary teachers formed in 1883, had a very close relationship with the old Department,

¹ These were: the Treasury, the State Services Commission (essentially the employer of teachers), the Education Review Office, Department of the Prime Minister and Cabinet and the Ministry of Education.

² The title of the government policy statement which developed out of the report of the Taskforce to Review Education Administration, *Administering for Excellence: Effective Administration in Education* (refer Chapter IV).

having forged strong ties with the agencies of state education almost from their inception (Jesson 1995). The Post Primary Teachers' Association (PPTA) was not formed until 1952, but, although more militant than its primary counterpart, it also benefitted from the tradition of close relationships in the education sector. Although through the 1970s and 1980s the relationship was punctuated by infrequent episodes of industrial action, largely from the more militant PPTA, the involvement of both the PPTA and the NZEI at the political level in policy development and implementation had become institutionalised to such an extent that the relationship has been described as meso-corporatist in character (Jesson 1995).

By the mid-1980s, however, this close collaboration between the Department and teachers became the target of a campaign of attack waged by a number of powerful sources, from government agencies such as the Treasury and State Services Commission, to external organisations such as the New Zealand Business Roundtable and the right-wing Education Forum. The state/teacher relationship was viewed as being largely responsible for the poor performance of the education system. The thrust of the campaign was to suggest that teachers and their unions were self-interested, that the education system had been 'captured' by them and organised in such a way that teachers and bureaucrats, not students, were the primary beneficiaries. Moreover, according to its critics, the system that had developed as a result of this provider capture was inefficient, too highly centralised to the point of inflexibility and lacked accountability.

Teachers were deemed responsible, too, for a host of other ills which ranged from declining standards and poor student performance to the deterioration of the education system as a whole. The proposed remedy to this unsatisfactory state of affairs was the discipline of the market. According to agencies such as the Treasury and the State Services Commission, only a devolved and decentralised education environment in which teachers were subject to more effective management structures and accountability mechanisms would ensure that the education system operated efficiently and economically for the benefit of its consumers, not its providers. Previously viewed as autonomous and skilled professionals with legitimate input at all levels of education, from policy to practice, teachers were now being

positioned, by advocates of reform, simply as 'production line workers' (Gordon 1992b:53). Under *Tomorrow's Schools*, teachers would be repositioned as individualised employees responsible only for carrying out the orders of school boards of trustees, comprised of elected parents and the school principal, which was to become the new unit of school management.

Although the expulsion of 'vested interests' underpinned the restructuring of the state sector as a whole, it was pursued particularly vigorously in the education sector. Between 1988 and 1992, a plethora of reports were produced by, or with the assistance of, government agencies as well as by private sector groups, all reinforcing the view that teachers and their unions were responsible for the faults of the education system. A bare three months after the new *Tomorrow's Schools* structure came into operation, the Treasury sought, and was granted, permission to undertake a review of the entire implementation process. The motivation for the review came when the expected economies from the restructuring did not eventuate. It was not particularly clear that the new government agencies into which the old Department of Education had been divided were any smaller, in terms of staffing numbers, than the Department had been. Furthermore, by the time the new structures came into effect in 1989, a number of modifications had been made and in some instances, the 'more market' view of the Treasury progressively weakened. For instance, some of the services intended to be privatised, such as special education services, were retained.

Convinced that the whole process had been subverted by teachers and their allies in the education bureaucracy who were on the implementation committees overseeing the changes, a Treasury-dominated committee was established to review the process, producing in 1990 a report unimaginatively entitled *Today's Schools*, but more commonly known as the *Lough Report*. The report identified the areas of 'backsliding' in the reform process which required attention, and recommended further reductions in the size of central state agencies, emphasised the need for hierarchical management and control structures, and stressed the importance of bulk funding teachers' salaries. Throughout the whole report, as Gordon (1992)

notes, teachers were mentioned only four times. Clearly their role in the education system was no longer central.

The State Services Commission, too, were concerned about the role of 'interest groups', which teachers had now become, in the implementation process. In their brief to the new National Government elected in 1990, the State Services Commission offered the following observations on the influence of 'interest groups' on the implementation committees:

The large number of such groups and the intensive nature of their work meant central agency officials had only limited influence on the process. Chairpersons appear to have been appointed primarily on the basis of the respect they commanded in the education field, rather than their independence or objectivity. It was obvious from some of the policy papers that were rejected, that some working group members were opposed to the reforms and very few members had direct knowledge of the Government's policy formulation process or of its objectives for the state sector as a whole. In fact, because individual members were often chosen as representatives of particular organisations rather than on the basis of personal qualities, they apparently used the working groups as a negotiating forum or as a means to preserve the status quo (Annex B, 1990:2).

On the role of teachers, the SSC were the most scathing. Accusing teachers of providing a learning environment which was 'sheltered' from the harsh realities of a competitive world - and by implication suggested that such sheltering made students only fit for ACCESS³ programmes - the SSC concluded that teachers, not consumers, had determined education provision by being able to exert undue influence over: their conditions of employment; the criteria for determining who can be teachers; teacher numbers; curriculum development; and policy development (ibid:5-6).

³ Post-school vocational training schemes designed to reduce youth unemployment.

At the same time as the Treasury and the State Services Commission were pressing for their particular managerialist agenda for education, the Business Roundtable brought Stuart Sexton to New Zealand to evaluate the education reforms. His report, based on a mere two week 'research' visit in 1990, was withheld by the Business Roundtable until 1991, after the general election. Sexton concurred with, and went further than, both the Treasury and State Services Commission evaluations of the subversive influence of teachers and proposed the government implement a full market system forthwith. Teachers, he declared, 'are the most powerful of all the political constituencies in education', thus:

The promise of a much reduced central bureaucracy has, therefore, not materialised. Moreover, most of the new boards and agencies have been staffed by people formerly employed by the Department of Education, the Education Boards, or one of the other former bodies. As a senior government official put it to me, the previous Department of Education officials are reasserting themselves all over again: "enlightened self-interest masquerading as moral principles" (1991:33).

By the time the Sexton Report was released, Lockwood Smith was the new National Government's Minister of Education. He proved to be strongly supportive of, and ideologically committed to, the view of education championed by the Treasury, the State Services Commission and Sexton (Gordon 1992), to the view of teachers as merely 'vested interests', as well as to the completion of the self-managing agenda by the implementation of salaries bulk funding; a commitment he quickly demonstrated by directing the Ministry of Education to prepare a report on bulk funding shortly after gaining office in October 1990. Smith signalled his intention to proceed with bulk funding early in 1991 with a letter to the two teachers' unions (Jesson 1995), the point which marked the beginning of the intensification of the conflict between the unions and the government, which would eventually culminate in October the following year with the formation of the Schools Consultative Group.

Given the extent to which education restructuring had, thus far, been predicated on the expulsion of teachers from all but the delivery of education in the classroom, the formation of the SCG was an extraordinary anomaly. Invitations to participate in a consultative group were issued by a Minister ideologically committed to the concept of greater school self-management, to groups previously dismissed as 'vested interests', in order to find a solution to a particularly complex and enormously sensitive policy deadlock. In the context of the neo-Liberal state structure, in education as elsewhere, the formation of such a group warrants a much closer inspection. Was it a reversion, perhaps, to the older-style 'corporatist' relationship that had historically prevailed in the education sector, a genuine consultative body, or merely an exercise in political risk management, a means by which a political crisis in education might be averted?

In the particular circumstances that existed in 1992, in which the Minister was actively courting conflict with the teachers, and the unions adopted a strategy specifically aimed at reinforcing the impression of Ministerial responsibility for the conflict, the latter might be suspected: that the SCG was a broader political strategy to contain both the teacher unions, who had demonstrated their capacity to engage in protracted episodes of hostility, as well as prevent the incitement of further hostility by the Minister himself. Thus, the SCG could be viewed as designed simply to provide the 'two years of peace' of the title of this thesis, or as representing a more substantial shift in terms of state-interest group relations that was seemingly at odds with its neo-Liberal form.

It can be argued that the SCG was, in fact, both of these things. And, as will be outlined in Chapters VI to IX, the SCG can be interpreted in several different ways and can be seen to have served a variety of purposes for the major participants. In the context of this thesis, however, I would like to present a more substantial and theoretical interpretation of the rise and fall of the SCG. This interpretation will be outlined more fully in Chapter III, but can be summarised thus: that the conditions that led to the formation of the SCG arose out of structural inadequacies inherent in the neo-Liberal state form as it existed in the education sector. More specifically, the conditions of crisis which occurred in education during 1992, and the ensuing

formation of a putative corporatist-type body as an attempt to manage that crisis, were, following Jessop (1990), the direct result of the transformation of forms of interest representation into, and the modes of intervention of, the education state that had taken place with the neo-Liberal restructuring of the state sector throughout the 1980s. The exclusion of education sector groups from legitimate representation into the education state at the political level, and the structural incapacity of the education state to engage with such groups in the formation of policy and implementation, was effectively translated into a crisis of support for reform for successive governments; a crisis that reached its peak in 1992.

In order to substantiate this position, this thesis falls into two separate, but related, parts. The first part deals largely with the theoretical issues involved in an examination of state-interest group politics. Clearly some theoretical understanding of the state is required, thus Chapter I presents a selective overview of the two principal theoretical traditions of the post-War state debate, pluralism and Marxism, and discusses some of the difficulties involved in the empirical application of such perspectives. Chapter II outlines the origin and development of corporatism, the body of political theory concerned with the particular form of state-interest group relationships it is suggested the SCG may be an exemplar of, and with the specific conditions under which such a relationship may emerge. Although a quite problematic corpus of literature, the model of corporatism to be utilised in the later examination of the SCG is presented in Chapter III, together with a broader state-theoretical framework derived from Jessop (1990), as a solution to the difficulties presented by the forms of Marxist state theorising outlined in Chapter I.

Chapter IV is an historical chapter. In it, a somewhat abridged history of the development of state intervention in New Zealand is presented, together with an outline of the processes by which the role of the state was fundamentally transformed during the 1980s - a transformation that appeared to specifically exclude the formation of something like the SCG. Chapter V is concerned with issues of method, and outlines the difficulties encountered in conducting research on such a 'live' political issue as the SCG. Although the group was disbanded in September 1994 amidst great political acrimony, the process of

interviewing members conducted in 1995 indicated the extent to which the political context in which the group was embedded during its lifetime was still very much in existence. The political nature of the SCG ultimately limited the extent to which research was able to be conducted on it.

Chapters VI, VII and VIII are concerned with documenting the formation, operation and dissolution of the SCG. Chapter VI outlines the hostile political context out of which the SCG arose, the genesis of the group, and also provides a small glimpse into the political machinations surrounding the appointment of the group's members. Chapter VII charts the operation of the group, its terms of reference and operating protocols, as well as the work programme of issues referred to it for consideration. The final SCG chapter, Chapter VIII, presents the decline and fall of the group, the role played by bulk funding in that process and the aftermath of its dissolution. Chapter IX, the concluding discussion, utilises the theoretical model outlined in Chapter III in order to offer some explanation of the events surrounding the establishment of the SCG. It specifically addresses four questions: was the SCG a corporatist-type body?; if so, to what extent was it an anomaly within a neo-Liberal form?; why was such a strategy pursued?; and, finally, to what extent could the SCG be considered a 'success'?

CHAPTER I - THEORISING THE STATE

While 'the study of politics involves much more than the study of the state' (Held 1989:1), in a study of state politics some theoretical account of the assemblage of institutions collectively described and commonly known as 'the state' is a necessity. The purpose of this chapter on theorising the state, then, is twofold: to outline some of the general difficulties associated with defining what states are; and to provide an overview of the two principal post-War theoretical traditions in the study of modern states, Marxism and pluralism. The chapter concludes with an outline of the problems associated with contemporary neo-Marxist theoretical approaches, and also a critique of the epistemological inclination within the state debate towards the construction of monolithic explanations of state form and function.

Clearly an element of selection has gone into the perspectives on the state to be considered, a selection which is particularly evident in relation to the extensive Marxist literature on the subject. A general outline of pluralist state theory has been included because it was, and remains, an influential approach to understanding the state. However, the Marxist accounts included are a sample of only those perspectives that stress the relevance and importance of theorising the political sphere as something more than merely the instrument of capital. In addition to Marx's own fragmentary views on the state, the perspectives to be outlined are those of Gramsci, the structuralist Marxists Althusser and Poulantzas, and also Offe and Habermas.

What is the State?

Although 'the state' has become a central category in political and sociological investigation, one of the most fundamental problems in any discussion of it is defining exactly what is meant by the term. As Salter and Tapper (1985:16-17) have pointed out, due to the frequency of its use, the 'state' now means 'all things to all men' (sic) - a convenience which has been implicitly expanded and contracted to suit different theoretical concerns. Furthermore, a precise specification of what is meant by the term would not only prove an inconvenience, but would also 'hinder the fluidity of sociological exchange' (ibid).

Some theorists argue a precise definition is impossible because of the enormous complexity of the state, a position Hoffman (1995:19) has described as 'the indefinability thesis' - a position in which the state is considered so intrinsically problematic that definition becomes impossible. Moreover, the ambiguous nature of the state is so disabling that the term is rendered 'conceptually unusable' and, indeed, should not be part of political discourse. From this position, Hoffman continues, it is a short step to the conclusion that states, like gods and unicorns, do not, in fact, have a material existence, but are simply 'a divine idea' (pp22-24). Conversely, there are other theorists who take an opposing view and seek to define what is meant by 'the state' as precisely as possible (for example, Dale 1989; Jessop 1990; Offe 1984).

The question of 'what is the state' can be approached in two ways. It can be defined in terms of either its constituent institutions or in terms of the functions these institutions perform (Ham and Hill 1984). Institutional definitions regard the state as a set of governmental institutions - government being the process of making rules, controlling, guiding or regulating (Dunleavy and O'Leary 1987). Amongst other things, state institutions comprise legislative bodies, such as parliamentary assemblies, departments of state and so on, and can be located at various levels - national, regional/provincial and local. Institutional definitions are often implicit in the many sociological analyses which use the terms 'state' and 'government' interchangeably. But as Dale (1989:53) has pointed out, while government is 'the most visible, and arguably the most important and active' part of the state, they are not equivalent concepts. Institutional definitions, however, unlike functional accounts of the state, avoid the fundamental problem in much political theorising of conceptualising the state as a single, monolithic and purposeful entity by drawing attention to it as an assemblage of institutional parts.

A functional approach, alternatively, seeks to define the state through the functions state bodies perform and their contribution overall to social stability and continuity (Bilton et al 1981). For example, according to Weber's important definition of the state as an institution exercising a monopoly right to legitimate force in a given territory, the state 'functions' to maintain peace and stability, and possesses a

'coercive' capacity to which it can resort in order to enforce compliance and, thus, fulfil this function. The classical Marxist view of the state, as illustrated by the base-superstructure model, is also a functional explanation in that the purpose of state institutions is to uphold, in myriad ways, the capitalist economic system. As already noted, however, functional definitions display a tendency towards a conceptualisation of the state as a unitary 'actor', thereby excluding any possibility of understanding it as a network of individuals or agencies (Dunleavy and O'Leary 1987:4)

Dunleavy and O'Leary (1987:1-3) distinguish further between types of functional definition. The first, or *ex ante*, approach defines the state as that set of institutions which carries out particular goals, purposes or objectives. The second, or *ex post*, approach defines the state by its consequences. While this dichotomy implies a disparity between the purposes and consequences of states' action - if this were not so, they would both amount to the same thing - the logical corollary to both these approaches is that organisations whose goals or purposes, as well as outcomes, overlap with those of the state can be considered part of the institutions of the state. Both approaches significantly enlarge what can be legitimately be considered a component or characteristic of states, creating further difficulties in formulating suitable criteria by which boundaries can be established.

For an adequate theoretical understanding of any state, however, it is clear that institutional and functional aspects, that is, what the state *is* as well as what it *does*, must both be taken into account. While there is the danger that, in drawing such broad theoretical boundaries around the state, accounts of the state become so extensive they become accounts of society instead (Duncan 1989), to neglect one or the other would necessarily diminish the explanatory strength of the theory. Theories which isolate state functions from the particular institutional configuration in which they occur, or prioritise institutional organisation over function, are both inadequate.

Two Traditions of State Theory

Pluralism

Pluralism, as an analysis of political action, came to prominence in America early in the 1950s, although its origins have been identified in

the writings of political theorists as early as the eighteenth century (McLennan 1989). As with most theoretical perspectives, though, it is difficult to identify central and fundamental tenets that can be labelled clearly and unambiguously as 'pluralism'. In the context of political analysis, however, Held (1989) identifies 'classical' pluralism as a school of empirical democratic theory characterised by the application of a Weberian conceptualisation of power to the study of interest group politics in Western parliamentary democracies.

Mulgan (1993:129) points out that 'pluralism is not a closely defined, self-conscious theory or body of theory'. Vincent (1987:189) notes, too, that in contemporary thought the term pluralism has been employed in a number of senses and applied to a wide variety of situations - 'philosophical, ethical, cultural and political'. There are, in addition, descriptive and normative variations of the theory. From its grounding in the behaviourist tradition of analysis (McLennan 1989:32), American political scientists in particular viewed pluralism as a 'descriptive-explanatory' account of the *real* workings of democracy rather than a theoretical framework containing assumptions about the *ideals* of democracy (Held 1987:188). Indeed, according to McLennan (1989:32), the work of one of pluralism's early proponents, A. F. Bentley, was 'concerned [with ridding] political theory of 'spooks' and even 'ideas' unless they were empirically observable'. English pluralism, on the other hand, was utilised in a more normative fashion, as a doctrine which advocated the desirability of pluralist institutional arrangements. As a consequence of the diversity of approaches, the term 'pluralism' could more accurately be described as an umbrella term within which a number of theoretical strands can be found; it is a 'general tendency' rather than a particular school of thought (Vincent 1987:215).

From this brief introduction to the development of pluralist theory, it is clearly impossible to discuss *the* pluralist approach to theorising the state, as no singular theoretical framework called pluralism can be discerned. Indeed, in many political analyses that could be labelled 'pluralist', 'the state, as such, is rarely investigated' (Ham and Hill 1984:28). However, for the purposes of this brief comparative overview, the position identified as classical pluralism will be used.

As Held (1987) observes, though, very few contemporary political or social theorists still adhere to pluralism in its classical form. As a framework for understanding the workings of Western democracies today, it has been largely rejected as a 'wholly naive and/or narrowly ideological celebration of American society' (Held 1989:58). However, classical pluralism has cast a very long shadow. While supporters of pluralism may reject its classical manifestation as outdated, too simplistic or a somewhat stereotyped version of the theory - the construction of a theoretical 'straw-man' is a constant danger - it remains, nevertheless, extremely influential. Not only has the analysis of political behaviour been significantly shaped historically by classical pluralism, but modern politics continues to be contextualised within this framework. Indeed, assumptions by which political behaviour is assessed, in the mass media and by politicians themselves (Held 1987), proceeds almost universally from classical pluralism.

The central focus of the classical pluralist position, and crucial to any explanation of the role of the state, is an analysis of the nature and distribution of power. By power is meant 'the capacity of one actor to achieve his [sic] ends against resistance by others' (Cawson 1986:13), where this capacity is contingent upon access to resources. The resources on which the exercise of power is based can vary and are widely distributed within society. Although this distribution is acknowledged as unequal (as with the distribution of most things), any relative disadvantage experienced by particular groups in terms of one resource, for example wealth, will be outweighed by access to another relevant resource (Held 1989), the most widely available being universal suffrage. Accordingly, a pluralist conceptualisation of power identifies it as disaggregated within civil society, non-cumulative, non-hierarchical and competitive. Multiple groups, formed around a diversity of interests and with access to a wide range of resources, compete in order to advance their particular or general interest.

The key feature of a pluralist understanding of the state is that it is essentially *neutral*, receptive and/or responsive to the demands of interest groups. According to Roper (1993:148), the state in capitalist society - classical pluralism accepts capitalism as the 'natural setting' for democracy (McLennan 1989:21) - is considered to be a collection of neutral institutions responsive to the various demands of interest

groups formed within the private sphere of civil society. The role of the state is to mediate and adjudicate between these competing demands. The outcome of this competitive process is the 'conversion' of groups' demands into public policies which reflect the balance of interests within society (Cawson 1986:47). The state does not have any significant effect in either creating or shaping demands, nor does it have any independent interests in which it can act. Rather, it is viewed as the guardian of something called the 'public interest', with political parties and the parliamentary system being the legitimate expression of that interest (ibid). The state acts as a neutral 'referee' and provides the 'level playing field' upon which the battle between interest groups in civil society is conducted (Roper 1993:148).

Within a pluralist framework, however, it is not the state that is theorised. As Vincent (1987:211) notes, 'the state is understood minimally and is identified with the political institutions and processes of *government*' (emphasis added). As such, classical pluralism does not have a theoretical understanding of the state; instead, a theory of government practice is substituted.

The critique of the pluralist conception of the state stems largely from the inadequate conceptualisation of power and power relations in Western politics, a view termed by Lukes (1974) as 'one-dimensional' (in Bell and Head 1994:28), and the assumptions of state/government neutrality. The assumption that interest groups have access to different, but essentially equivalent, power bases in society ignores the concentration of power enjoyed by those groups who also have economic advantages, for example national and multinational corporations. Asymmetries in power between groups such as the Business Roundtable and, for example, the 'Kitchen Table' (a 'feminist' equivalent in Christchurch), are not considered. In addition, the existence of multiple power centres, as Held (1987:200) points out:

...hardly guarantees that government will (a) listen to them all equally; (b) do anything other than communicate with leaders of such centres; (c) be susceptible to influence by anybody other than those in powerful positions; [and] (d) do anything about the issues under discussion.

Furthermore, by conceptualising power as the capacity of individuals to achieve observable aims in the face of opposition, pluralist analyses ignore the effects of non-action - 'power is deployed not only when things happen...but also when they do not appear to do so' (Held 1987:200). As Bell and Head (1994) note, forms of power that are 'less observable', such as structural and institutional effects, are neglected. Pluralism, therefore, as an *empirical* account of the exercise of power, must be considered deficient.

The most important criticism, though, is the inadequate theorisation of the state that stems from being equated with the 'political system' (McLennan 1984), and the assumption of state/government neutrality. Classical pluralism provides little insight into the processes by which the demands of multiple and competing interest groups are converted into public policy - the 'switchboard' approach to the state, into which interest groups simply 'plug in' (ibid:83). The processes by which policy is constructed are presented as a straightforward and unproblematic reflection by government of the dominant interests of society - the simple and misleading 'equation of policy with majority rule' (Bell and Head 1994:28). Furthermore, there is no capacity within a pluralist framework for institutional interests within government to exert influence over the formation of interest groups or to modify or transform the interests they represent. Thus the state is presented as merely instrumental and passive.

Contemporary variants of pluralism accept many of the objections to the classical position outlined above. Indeed, some neo- or critical pluralist positions closely parallel some neo-Marxist ideas about the state. For instance, Dahl (1985) acknowledges that modern capitalism tends 'to produce inequalities in social and economic resources so great as to bring about severe violations of political equality and hence the democratic process' (in Held 1987:202). He notes, too, that state institutions operate within constraints generated by the need to ensure the continuation of capital accumulation, and that such constraint 'systematically limits policy options' (ibid). However, as Bell and Head (1994) point out, even the more sophisticated variations of pluralism maintain the inadequate state theorisation of the classical position by failing to address the issue of why it is *states* that undertake the roles prescribed.

Marxism

As one of the main post-war perspectives in social science, Marxism has become increasingly subdivided into a number of quite distinctive variants, with an eclectic and nuanced debate between them - especially over the last two decades - as vigorous and frequently as impenetrable as any to have occurred between Marxism and rival paradigms.

One of the most crucial and controversial issues within the state debate in recent times has been the relative autonomy of the capitalist state. Within the Marxist tradition, the classical view - taken from Marx's own fragmentary and unsystematic work on the state - has defined the state as an essential means of class domination (Carnoy 1984). According to this view the state is an instrument of the capitalist class, necessary for the maintenance of control over the relations of production (Codd, Gordon & Harker 1990) and, thus, has no autonomy. Because of the inherent instability of the capitalist production process, that is, its periodic crises of over- and under-production, the primary role of the state is to avert, resolve or prevent economic crises (ibid). In short, the capitalist state, as the political expression of the dominant class, is an apparatus for the exercise of power in the interests of the ruling class only (Carnoy 1984).

For some Marxist theorists, however, such an economistic view of the state has been unable to explain sufficiently the complex functions of state institutions and the diverse effects of state policies in advanced capitalist societies (Codd et al 1990). Some of the Marxist approaches outlined below have sought to highlight the potential for state autonomy and the importance of non-economic factors - political and ideological struggles - in both shaping the form and function of the state which, in turn, are shaped *by* the state. Thus, the state has been conceptualised as active and as possessing a capacity to act in ways that are not always reducible to economic necessity.

(a) Classical Marxism:

If the search for what could be viewed as the 'classical' account of the state, as articulated by Marx himself, reveals any agreement at all, it centres on its fragmented and contradictory nature. The promised fourth volume of *Capital*, in which Marx intended to consider the

question of the state, was never written. In its absence, Marx's view of the state has been constructed from a wide variety of his other writings. Such exegeses, however, have confused rather than clarified his ideas, as a number of competing theoretical positions have emerged claiming to be the definitive and authoritative interpretation of his work.

This ambiguous heritage can, in part, be attributed to Marx's historical materialism. In essence, the materialist interpretation of history asserts that all aspects of human societies can be explained by reference to the material economic conditions of life. According to Marx (in Selsam and Martel 1963:186):

In social production which men carry on they enter into definite relations that are indispensable and independent of their will; these relations of production correspond to a definite stage of development of their material powers of production. The sum total of these relations of production constitutes the economic structure of society - the real foundation, on which rise legal and political superstructures and to which correspond definite forms of social consciousness. The mode of production in material life determines the general character of the social, political, and spiritual processes of life. It is not the consciousness of men that determines their existence, but, on the contrary, their social existence determines their consciousness (Critique of Political Economy 1859).

As well as material conditions, however, Marx also claimed, in his 'Manifesto of the Communist Party', that 'the history of all hitherto existing society is the history of class struggles' (in Tucker 1972:335). Thus, historical materialism is simultaneously a means by which social structure as well as social change can be understood: the structure of a given society is created by its economic foundation and upon which arises a 'legal and political superstructure'; social change, conversely, is the outcome of struggle between the classes fundamentally constituted by relations of production within the economic system. The two are related, however:

Men make their own history, but they do not make it just as they please; they do not make it under circumstances chosen by themselves, but under circumstances directly found, given and transmitted from the past. The tradition of all the dead generations weighs like a nightmare on the brain of the living (Marx 1852, 1978.)

As a result, there are two distinct but interrelated dynamics intrinsic to a Marxist interpretation: the emphasis on economic structures and the focus on class struggle. In much subsequent Marxist theorising, however, the dialectic between the two has been neglected, replaced by a focus on one or the other. This has led to the development of several offshoots of Marxism, each having distinctive characteristics (McLennan 1984). The esoteric and nuanced exchanges stimulated by such divisions have been vigorous, frequently abstruse and continue to plague contemporary Marxist debate.

A further source of confusion lies in Marx's articulation of several different theoretical positions on the state. Held (1989) identifies two fundamentally opposing views, Dunleavy and O'Leary (1987) identify three, and Jessop (1990) six. The most familiar view articulated by Marx is of the state as the instrument of class rule. The most concise and unmistakable statement of this is contained in the *Communist Manifesto* of 1848:

[T]he executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie (in Tucker 1972:337).

Within this framework, the state is merely a superstructural epiphenomenon built on the economic foundations of society, functioning to serve the interests of the economically dominant bourgeoisie. Given this view, not surprisingly, the state does not warrant separate consideration - what it is, how it is organised as well as what it does can be derived from, and only understood with reference to, an analysis of the imperatives of the capitalist economic system:

[T]he modern state, no matter what its form, is essentially a capitalist machine, the state of capital, the ideal personification of the total national capital (Engels, in Tucker 1972:633).

In contrast to this, however, Marx articulated a second, less reductionist and more complex, view of the state. In this view, there was a clear appreciation of the possibility of disjuncture between economic and political power in specific states at particular points in history - that there was no necessary direct reflection of the economy at the political level (Green 1990). In *The Eighteenth Brumaire of Louis Bonaparte*, Marx presented a model of the French state as being simultaneously a parasitic body on civil society as well as an autonomous set of institutions capable of political action independent of the economically dominant class (Held 1989). While the autonomy of the state could not be overestimated - in *The Eighteenth Brumaire*, Marx continued to emphasise the constraints imposed upon Bonaparte by his ultimate dependence upon the bourgeoisie's material power - this perspective clearly revealed a shift away from the more reductive application of the base-superstructure model. More broadly, it allowed for the possibility of an independent effectivity of the superstructure on the economic base (Green 1990).

Marx and Engels both came to oppose the more economistic interpretations of materialism by some of their followers. Marx, in response to those who used historical materialism 'as an excuse for *not* studying history', was sufficiently disturbed by this tendency towards monism to claim that 'all I know is that I am not a Marxist' (in Selsam and Martel 1963:184). Engels, too, refuted these interpretations:

According to the materialist conception of history the determining element in history is ultimately the production and reproduction of real life. More than this Marx nor I have ever asserted. If therefore somebody twists this into the statement that the economic element is the only determining one, he transforms it into a meaningless, abstract and absurd phrase. The economic situation is the basis, but the various elements of the superstructure - political forms of the class struggle and its consequences,

constitutions established by the victorious class after a successful battle, etc. ...also exercise their influence upon the course of the historical struggles and in many cases preponderate in determining their form. (Engels 1890 in Selsam and Martel 1963:204; emphasis in original).

And further:

Political, juridical, philosophical, religious, literary, artistic, etc., development is based on economic development. But all these react upon one another and also upon the economic base. It is not that the economic position is the cause and alone active, while everything else only has a passive effect. There is, rather, interaction on the basis of the economic necessity, which ultimately always asserts itself....So it is not, as people try here and there conveniently to imagine, that the economic position produces an automatic effect (ibid:202; emphasis in original).

Engels, however, assumed responsibility, along with Marx, for such interpretations:

Marx and I are ourselves partly to blame for the fact that younger writers sometimes lay more stress on the economic side than is due to it. We had to emphasise this main principle in opposition to our adversaries, who denied it, and we had not always the time, the place or the opportunity to allow the other elements involved in the interaction to come into their rights (ibid:205).

In spite of the personal views of Marx and Engels, the legacy of Marxism in terms of theorising the capitalist state is one of economism and instrumentality. The received view of what is termed 'classical' or orthodox Marxism has favoured a much more reductionist view of the state than it seems either Marx or Engels intended. The contradictory nature of Marx's writing has thus produced several distinct strands of state theorising, all claiming Marx as their intellectual predecessor. Those positions that pursue Marx's view of the state as potentially

autonomous, albeit a constrained autonomy, will be discussed in more detail below.

(b) Gramsci:

The work of Antonio Gramsci, one of the most original Marxist thinkers of the twentieth century (Salamini 1981), is of particular significance to contemporary neo-Marxist state theory. As already noted, Marx himself did not develop a consistent theory of politics comparable to his analysis of political economy, and the prevailing deterministic employment of historical materialism considered that the state could be understood simply by examining the material conditions in which it was situated (Carnoy 1984). From Gramsci's disenchantment with this orthodox economic theorisation of the state emerged a more complex grasp of materialism which emphasised the role of intellectual ideas and human autonomy (Vincent 1987).

Gramsci was fundamentally concerned with the question of how power was maintained in the modern state (Davidson 1991), particularly in the context of Fascist Italy, and in how the state secured popular support for its rule. Gramsci's distinctive contribution to Marxism was his theory of politics in which he stressed the independent role of politics and ideology on the economy, and the possibility of achieving fundamental social change through political struggle rather than solely through the overthrow of the economic structure. In asserting the independence of the political from the economic, Gramsci elevated the previously superstructural epiphenomenon of the state to a critical position in analysing how society functions, although this analysis was still placed within a problematic which related the superstructure indirectly to the conditions of production.

Central to Gramsci's theory of the state is the concept of hegemony, which can be viewed in two ways. Firstly, as a process within civil society whereby a dominant class fraction exercises control through its intellectual and moral leadership over other fractions of the dominant class. Secondly, as a relationship between dominant and dominated classes involving the successful attempts of the dominant class to use its political, moral and intellectual leadership to establish its view of the world as all-inclusive and universal (Carnoy 1984). It is to the state

that Gramsci (1971:244) assigns the function of promoting this dominant world view:

...the state is the entire complex of practical and theoretical activities with which the ruling class not only justifies and maintains its dominance but manages to win the active consent of those over whom it rules.

Although the state consists of both coercive and persuasive elements, Gramsci argued that it was only through the latter element that class domination could be assured; it was through consent rather than force that control in society was maintained. As Vincent (1987:167) points out:

The state [was], therefore, not just a political or institutional apparatus which coercively dominate[d] one class. It [was] a vessel of intellectual dominance which actually elicit[ed] a response from the masses. It wishes to be legitimate in the eyes of the broad masses.

This shift in emphasis, from the significance of the economic to the ideological, imported into theories of the state an autonomy of activity not present in orthodox Marxist theorising. The state was no longer simply an instrument through which the economic power of the dominant class was exercised over the dominated. Rather, the state was the terrain on which classes struggled to extend and develop their own particular hegemony, and to win the right to wield its power - the state became simultaneously the location as well as the spoils of class conflict.

While the state is a class state in that it creates the conditions under which a certain class can dominate other classes hegemonically, it also acts in the name of universal interests. As Gramsci (1971:182) explained:

[T]he dominant group is coordinated concretely with the general interests of the subordinate groups, and the life of the state is conceived of as a continuous process of formation and superseding of unstable equilibria...between the interests

of the fundamental group and those of the subordinate groups - equilibria in which the interests of the dominant group prevail, but only up to a certain point.

As Fiore (1970) points out, the originality of Gramsci's contribution to a Marxist theorisation of the state lay :

in his argument that the system's real strength does not lie in the violence of the ruling class or the coercive power of its state apparatus, but in the acceptance by the ruled of the "conception of the world" which belongs to the rulers. The philosophy of the ruling class passes through a whole tissue of complex vulgarisations to emerge as "common sense": that is, the philosophy of the masses, who accept the morality, the customs, the institutionalised behaviour of the society they live in.

If hegemony is not won by the dominant class fraction, then the state is subject to constant challenges from other class groups. In a more succinct moment, Gramsci (1971:263) defines his conception of the state further:

...the state = political society + civil society, in other words hegemony protected by the armour of coercion.

Although there is considerable difficulty in delineating civil and political society in Gramsci's work (Showstack Sassoon 1982), in this instance political society may be described as the arena in which the 'mechanisms for winning the consent of the masses for dominant class rule are shaped, marshalled and implemented through the apparatus of the state' (Gordon 1989:56). In contrast, civil society represents the sphere of ideological and cultural relations and consists of sites in which struggles over ideology constantly take place. In Gramsci's own words, it is '...the ensemble of organisms commonly called private' (in Showstack Sassoon 1980:113).

The concept of civil society, and its relationship to the state can be taken as the point of departure between Gramscian and Classical Marxist analyses. For Marx and Engels, civil society and the state were

antitheses, the relationship between the two fundamentally dialectic - 'civil society dominates the state, the structure dominates the superstructure' (Carnoy 1984:67). For Gramsci, however, civil society, in part incorporated into the state, becomes not a structural institution, but a superstructural one. Although a seemingly straightforward inversion of traditional Marxist theory, Gramsci complicates his analysis further by what he calls a 'dual perspective' on political action and state life - a complex theoretical formulation whereby institutions like the state or, for example, the Church, can be understood in terms of the space occupied simultaneously in both political and civil society (Showstack Sassoon 1980).

Undoubtedly, the account of the state Gramsci presents is extremely complex. The conditions under which he wrote the *Prison Notebooks* made their content necessarily enigmatic and fragmentary. However, the diversity and complexity of his reflections on the state has resulted in an ambiguity in his usage of the term - as Vincent (1987:170) points out, his discussion is often 'too diverse and frustratingly elusive'. But by concentrating on the ways in which dominant class interests work in and through the state, Gramsci altered the conception of the relationship between political and economic spheres. Where orthodox Marxism viewed this relationship as essentially determined, Gramsci focused on the processes by which classes could win - through hegemony - control of the state structures. His use of the concept of hegemony and the role of the state in the creation of consent highlighted the more complex nature of class domination than previous instrumental explanations allowed and elevated the state from mere economic epiphenomenon to a more active and creative role. By drawing attention to the dialectical rather than the exclusive and oppositional relationship between structure and superstructure, Gramsci's main contribution has been to make politics a legitimate part of Marxist analysis.

(c) Althusser:

In the structuralist Marxism of French philosopher Althusser, and, in a more moderated form, Poulantzas, two of the most dominant themes in post-War social theory were brought together (Beilharz 1991). Structuralism, in its broadest sense, is a theoretical approach characterised by the explanatory priority given to 'systematic laws or

patterns' discernible in social phenomena (Dunleavy and O'Leary 1987:217). According to structuralists, such phenomena are simply the observable manifestations of underlying, more fundamental structures - the social theory equivalent of the psychoanalytic Freudian slip (Beilharz 1991).

According to Carnoy (1984:89), Althusser claimed 'that the social structure [had] no creative subject at its core'. In fact, society was just a 'system of objective processes without subjects' (ibid). History was the history of structures, not of autonomous individual subjects (Vincent 1987). As Dunleavy and O'Leary (1987:218) point out, in Althusser's conceptualisation of the social world:

Individuals should always be seen not as rounded historical figures but merely as bearers of roles...supporting the unfolding of structural laws without reshaping those laws.

Although he did not address the issue of the state systematically, Althusser has presented a somewhat contradictory theorisation of its role in capitalist society. Following Gramsci, he rejected the economistic view of the state as simply the instrument of a dominant class and argued, instead, for the possibility that society was held together by ideology or consent - although economic imperatives were 'ultimately but not practically' the determinants of social life (Beilharz 1991). The role of the state, according to Althusser, was to provide the capitalist economy with the fundamental 'conditions of existence' which it could not secure unaided. Through what he described as Repressive State Apparatuses - those apparatuses which 'function by violence' - and Ideological State Apparatuses - those which 'function by ideology' (Althusser 1971:143-145) - the state aided in the production of 'docile, disciplined and fragmented individuals whose viewpoints and behaviour [were] suitable for capitalist life' (Dunleavy and O'Leary 1987:218). The state performed this function under a condition of 'relative autonomy'.

For Althusser, capitalist society could be divided into three separate spheres: political, ideological and economic. In any capitalist social formation, it was possible for residual or 'secondary' elements of previous modes of production to exist contemporaneously. Therefore,

it was impossible for a 'purely capitalist' society to exist. As a result, while the mode of production in society was considered by Althusser to be *determinant* of the social formation, the possibility existed for either one of the other two spheres, political or ideological, to be *dominant* at any given historical conjuncture - the dominant economic class was not necessarily always the leading political or ideological class. Hence, the possibility opened up, theoretically at least, for the existence of relatively autonomous, yet constrained, political and ideological spheres.

However, even in asserting the possibility of a relative autonomy for the political and ideological spheres from the economic, the concept of eventual determination by the economy does not appear particularly dissimilar from orthodox Marxist economism, except perhaps rather more complex. While arguing for the specificity of the political and ideological spheres, these are ultimately still explained by reference to the capitalist mode of production. Even if the state is able to operate 'autonomously', this autonomy is still attributed to, and enabled by, the economic structure. As Vincent (1987:172) points out, through his extreme structuralism, Althusser is guilty of introducing an even more rigid determinism into his understanding of the state:

[Althusser] is arguing that the State and ideology appear to be autonomous, but this autonomy is in reality an objective aspect of the structure of ideology. To treat autonomy as really or actually true, namely that it does actually exist in the world, is to be fundamentally misled.

Thus the state cannot be understood as autonomous at all; it is, rather, a covertly determined feature of underlying capitalist structures. In the end, Althusser simply substitutes structural for economic determinism.

(d) Poulantzas:

Poulantzas, in contrast to Althusser, addressed the issue of the state directly. His intention, as Clarke (1991) notes, was to complement Marx's analysis of the economy with a theorisation of the political sphere of society. Poulantzas defined the state as the unifying element in capitalism (Held 1989), it was the 'factor of cohesion' (Przeworski

1990:79). Its function was to secure the reproduction of the capitalist system by constituting 'the political unity of the dominant classes, thereby establishing them as dominant' (Poulantzas 1978, in Bell and Head 1994:45). Because of the vulnerability of the dominant classes to fragmentation - due to competition between individual capitalists - an institution was required to ensure their political organisation and to protect their collective interests (Held 1989). At the same time, the state worked to ensure the disorganisation of the working class in order to attenuate the threat to capitalism that it posed (Przeworski 1990). The state could only perform these functions if it was autonomous from *particular* interests among the capitalist class. Again, following Althusser, while Poulantzas stressed the specificity of the political sphere by theorising an active role for the state in the constitution of socio-economic reality, its autonomy was only ever relative as the requirements of capitalism would always prevail 'in the last instance' (Dunleavy and O'Leary 1987).

The difficulties of accurately discerning the general interest of capital notwithstanding, Poulantzas does not succeed in providing an adequate account of the capitalist state. In his earlier writing, Poulantzas' understanding of the state was 'straightforwardly structuralist' - the form and function of the state is shaped by class (Vincent 1987:173). The inadequacy centres on Poulantzas' later definition of the state as the 'factor of cohesion'. According to Jessop (1990), Poulantzas uses this concept in two contrasting ways. The first implies cohesion is the 'successful organisation of a power bloc under the hegemony of monopoly capitalism', which, in turn, implies a view of the state that is instrumental although autonomous (ibid:30). The second is a reductionist position which sees state power as 'necessarily circumscribed by the dominance of capitalism' - implying that, regardless of which class has control of the state apparatus, the state can only ever operate in the interests of the dominant class (ibid). In short, the state is theorised as both independent of the economy, the possibility inscribed in the former view, while positing at the same time the impossibility of state autonomy, the latter view. As Jessop (1990:31) notes, Poulantzas 'oscillates' between the two positions:

Either he endows the state with complete independence from the economic base or he denies it any independence at

all. Neither of these positions would be satisfactory on its own and together they render his analysis indeterminate.

In addition to this, the structuralism of both Althusser and Poulantzas has been criticised on a number of other grounds, not the least of which has been the strong suspicion that, as Vincent (1987:171) notes, 'underneath the complex terminology of structuralist Marxism is a rather paltry creature.' Indeed, it is difficult to appreciate the significance of the contribution of a structuralist position that denies the possibility of effective individual agency. Structuralist Marxism, as Held (1989) points out, ignores social practices through which social relations are produced. Clearly it makes a difference, as Miliband (1969) observed, whether the individuals who inhabit the state are bourgeois constitutionalists or fascists. Individual behaviour and motivations *do* make a difference.

Structuralist accounts of the state also suffer from the shortcomings of functionalist explanations. The state may well be a factor of cohesion of capitalist society, providing the necessary conditions under which capitalist reproduction can take place. However, to say that this is what the state *does* is not an explanation of *how* or *why* it does it, nor an explanation of why it is the *state* that undertakes these functions. As Elster (1986, in Dunleavy and O'Leary 1987:257) notes, 'functionalist accounts of the state are vacuous because they consist of citing the consequences of particular actions as their causes.' Such explanations are thus immune from criticism - the state does what is necessary for the reproduction of capitalism; what is necessary for the reproduction of capitalism is what the state does (Przeworski 1990). On the whole, as Vincent (1987:175) observes, structuralism:

...is unnecessarily abstract and pretentious in its language. Its supposed novelty really obscures the same old tedious economism and rigid determinism of scientific Marxism earlier this century....In fact it is far more insidious since it pretends to value human autonomy and agency, while covertly bringing in a new form of super-determinism. Its view of the state thus suffers from the same old flaws as the cruder traditional Marxism, despite its sophisticated appearance.

These criticisms are somewhat paradoxical, perhaps, given the claim by both Althusser and Poulantzas to be, more or less, the heirs to Gramsci's ideas (Vincent 1987). However, the structuralist account of the state provided by Althusser and Poulantzas adds little to Gramsci's original conceptualisation. Indeed, what could be considered their main contribution, the relative autonomy thesis, is itself a main source of contention within contemporary Marxist state theorising.

(e) Offe:

The recent work of Claus Offe has been extremely influential in contemporary Marxist state theory. According to Offe (1984), the state does not defend the specific interests of any single class or class fraction. Rather, it protects and sanctions a set of institutions and social relationships necessary for the domination of the capitalist class - it seeks to implement and guarantee the collective interests of all members of a class society dominated by capital.

In doing so, he argues, the state performs two simultaneous and often contradictory roles. The first is to support the process of capital accumulation. As the power of the state depends indirectly on a process of accumulation which is beyond its capacity to organise, that is, via the mechanism of taxation, the institutional self-interest of the state predisposes it to promote those political conditions most conducive to private accumulation (*ibid*). At the same time the state also responds to, and attempts to mediate, a range of other political demands from various social groupings and as well as from state bureaucrats (Codd, Gordon & Harker 1990). This is the second role of the state: to democratically legitimate these conditions by maintaining popular support amongst the electorate through social policy measures - for example, education and income support - which also serve to ameliorate the considerable social costs of the accumulation process (Codd, Harker & Nash 1990). In performing these two roles, the institutions of the state are independent of any direct or systematic control by the capitalist class, but tend to support capitalist interests because their continued existence is dependent upon revenue generated by private accumulation (*ibid*). In other words, although the institutional form of the state is not determined by the interests of capital, state policies will tend to shape capitalist development and reproduce the capitalist mode of production.

According to Offe, the contradictory roles of the state may be reconciled if conditions can be created whereby each citizen becomes a participant in commodity relationships - that is, as long as each owner of a unit of value can exchange it as a commodity, there will be no lack of material resources upon which the state can draw, neither will there be a legitimisation problem for those maintaining this 'universe of commodities' (Offe 1984:121). Difficulties arise, however, when economic units of value fail to operate in the commodity form (*ibid*). Values cease to exist in this form as soon as they cease being exchanged for money or other values - for example, where there is an overproduction of certain goods or when conditions of unemployment prevents the free exchange of labour power (Codd, Gordon & Harker 1990).

The contradiction inherent in the role of the state is evident, however, through state-provided welfare services. This decommodification of the exchange relationship fundamentally undermines simultaneous state attempts to universalise the commodity form in order to sustain capitalist expansion. Not only are these roles contradictory, but, as Codd (1990) notes, the concomitant expansion of state budgets also threatens state support for capitalism. The borrowing and taxation demands of the state, necessary to the fulfilment of its legitimacy role, can cause serious contractions in the accumulation of capital, resulting in what O'Connor (1973) has called the fiscal crisis of the state. In order to preserve conditions for continued capital accumulation, the fiscal crisis may be resolved by severe reductions in state expenditure. Such policies, however, undermine state electoral support, producing what Habermas (1976) has termed a crisis of legitimisation (*ibid*). Torn thus between accumulation and legitimisation, the ultimate contradiction awaits the state in its attempts to meet the demands of both: fulfilling the conditions of one results almost inevitably in the stimulation of crisis in the other.

One of the major criticisms of Offe's view of the state lies in the uses to which it has been put. The conventional usage of the accumulation-legitimation view of the state really adds little to any explanation of the state in empirical terms because all state activity can be attributed to either of these two categories. Causation for all events is predetermined. The strength of Offe's approach, however, is that it

recognises the different forms that the state can take in performing these functions. For example, his distinction between conjunctural and structural modes of policy are useful for analysing changing forms of the state.

(f) Habermas:

As an independent state theorist, Habermas' main contribution to the state debate has been his detailed analyses of the varieties of crises to which advanced capitalism is susceptible and of the role of the state in maintaining and legitimising the capitalist system. In doing so, according to Lawrence (1989:135), he 'decisively reject[s] the view that the socio-cultural and political realms are a reflex of the capital/wage-labour relationship', thus dismissing the orthodox Marxist view of the state as an epiphenomenon of the economic base. In his analyses of advanced capitalism, Habermas focuses on a reconceptualisation of the state/economy/civil society trinity into a framework more indebted to systems theory than to Marxism. Indeed, as Vincent (1987) notes, a common criticism of his approach is that, as with Offe, the diversity of theoretical resources drawn on are so eclectic that his analysis has moved outside the realm of what could legitimately be considered 'Marxist'.

According to Lawrence (1989:137), there are three decisive changes to Habermas' conceptualisation of advanced capitalism that place it 'markedly at odds with orthodox Marxism': firstly, the *political* nature of the class structure as the state, instead of the market, increasingly assumes the role of distributor of life chances; second, the dominant role of the state in the economy as the 'political counter-control' to the forces of production; and third, his contention that the labour theory of value is inadequate as a predictor of economic crisis.

Habermas considers the state in advanced capitalism to be the control centre of society (Lawrence 1989). Its role is integrative and concerned to ensure the survival of the social system: 'to 'steer the economy so as to avoid the more unfortunate contingencies of the market system', at the same time as avoiding political crisis. In short, the state's task is to stave off economic crises by acting to sustain the accumulation process, while avoiding social disintegration - achieved by maintaining a certain level of legitimacy for the system as a whole. While Habermas

considers the state to be autonomous of the class structure, the goals it pursues are the consequence of the inherent instability of the capitalist mode of production (ibid).

Instead of the recognisably Marxist division of social reality into state, economy and civil society, Habermas proposes a system of political, socio-cultural and economic subsystems, each subjected to a different organising principle and consequently endangered by different types of crisis. According to Habermas (1976), advanced capitalist society is susceptible to four types of crisis: economic, rationality, legitimation and motivational (in Held 1989), with the state being susceptible to both rationality and legitimation crises. The fourth, motivational, is the crucial 'subjective' element of crisis. According to Dunleavy and O'Leary (1987), it is only when other crises (particularly those of legitimation) are underpinned by a long-term motivational crisis does the destabilisation constitute a terminal threat to the capitalist system.

Contrary to the common usage of 'crisis' as indicating an objective and somehow measurable malfunction, Habermas maintains that a crucial component of social breakdown is the subjectivity of individual actors (Lawrence 1989), the meaning that individuals themselves attribute to objective conditions of crisis. Indeed, we can only speak of crisis in the Habermasian sense when:

members of a society experience structural alterations as critical for continued existence and feel their social identity threatened (Habermas 1973:3).

Thus, as Lawrence (1989:134) observes:

objective disturbances...will only spark off crises if they become coupled with patterns of social consciousness which spark off an identity crisis....[W]hat it signifies is that the members of a society must begin to experience their dominant institutions as unviable. In other words, the manner in which institutions function contradicts social expectations which are based on dominant norms and values.

In short, a crucial factor in Habermas' concept of crisis is the inclusion of individual subjective responses to crisis as well as more objective 'indicators of breakdown' (ibid).

The most important feature of Habermas' framework is his analysis of the *consequence* of state intervention into any one of the subsystems in order to control crises. Attempts at controlling crises in one subsystem simply result in its displacement into another subsystem - the crisis is never actually expelled (Held 1989). For example, increased state activity in the economy has been a key feature of advanced capitalism. In order to avoid the inevitable trend of capitalism towards economic crisis, states have gradually increased their share of the burden of the cost of production. However, following Offe, state intervention has only served to undermine the ideology of 'fair exchange' which governs what were previously private market transactions (Dunleavy and O'Leary 1987) - for instance, wage levels - and politicises increasingly larger sections of the private sphere. As a result of this politicisation, the 'hand of the state' in sustaining capitalism is exposed. Using wage levels again as an example, where inequalities in reward were previously perceived as a 'natural' feature of the impartial market system, they are rendered, visibly and unmistakably, as the outcome of *political* decisions - what were economic relations become transformed into political relations. The role of the state in sustaining inequality in income becomes transparent, and thus threatens the concept of the liberal democratic state and the expectations of justice and equity it embodies (Lawrence 1989). The outcome of what was originally a crisis within the economic sphere, is thus transported into the political sphere to become a crisis of legitimation in which the generalised support for the 'democratic' political system itself becomes threatened. An economic crisis may also translate into a rationality crisis if administrative decisions made by the state in the allocation of resources are perceived as unfair (Dunleavy and O'Leary 1987).

Overall, Habermas rejects the view of the state and state power as being determined solely by underlying economic structures or the logic of capital. For him, the continuation of capitalism relies on political and socio-cultural factors. And while the state is still a capitalist state, it

derives its power from its capacity to legitimise its own mode of operation.

Problems with Marxist Theorising

The main issue that confronts Marxist theorising is whether or not a non-reductive theory of politics is possible. Can the relationship between the political and the economic be theorised in such a way that what is distinct and useful about Marxism is retained, while the pitfalls of reductionism and determinism are avoided?

One direction in the resolution of this impasse has been the notion of relative autonomy and the concept of multiple determinations in order to explain events in the political sphere (McLennan 1989). While class and economic imperatives may ultimately shape the nature of political struggle, they do not determine it in any direct sense. Rather, they simply establish the parameters within which a variety of political activity is carried out relatively autonomously. In addition, supplementary non-class explanatory factors have also been introduced. Both of these options, however, have themselves been subject to extensive critique on a number of grounds. Relative autonomy explanations of politics are open to the criticism of simply being a more sophisticated variation of determinism; whether determination occurs in the first or last instance, it occurs nonetheless. On the other hand, the introduction of non-class factors in the analysis of the political sphere is open to the criticism that the analysis is not Marxist. The inclusion of non-class factors into Marxism raises the problem of causal equivalence and, as such, poses a fundamental threat to what is considered an indispensable feature of Marxism - namely, class relations.

Overall, Marxist state theorising appears caught in a theoretical cleft stick. In their reductionist manifestation, Marxist analyses become fixed, unalterable and predictable in terms of the explanatory factors employed. In explaining specific phenomena, there is only one explanation for everything - the punch line to the joke is known beforehand, as it were. Political phenomena are attributed either to the imperatives of the economy and/or as being in the interests of the capitalist class. All that has to be demonstrated in such analyses is how this is achieved. The outcome of these types of explanations is an

instrumental understanding of the state, and a state that has no independent effectivity. On the other hand, the relative autonomy thesis has been criticised for being both determination in a sophisticated disguise and, in asserting a capacity for independent action to the political, of removing what is distinct about Marxism from any understanding of politics. It has also been criticised by Laclau and Mouffe (1985, in Mouzelis 1988) for introducing an unsatisfactory theoretical eclecticism into Marxism. The idea of non-class explanatory factors is easily dismissed as not Marxist at all. In short, Marxist political theory is assailed from all sides as either too Marxist, not Marxist enough, or simply not Marxist at all. Such criticisms suggest that attempts to overcome the deficiencies of reductionism have created more problems for Marxist political and state theorising than they have solved.

Beyond the Debate?

The revival of interest in state theory in recent years has resulted in a partitioning of both Marxism and pluralism into multiple competing offshoots, creating a debate described by McLennan (1984:80) as being 'as consuming as the clash of the broad traditions themselves'. Some theoretical newcomers, however, have registered a challenge to the traditional boundaries of the state debate. Both feminism and postmodernism have been described as 'the most important political-cultural currents of the last decade' (Hoffman 1995:162). Yet as serious challengers to the Marxist-pluralist debate, they remain unconvincing.

Feminist challenges to the State

Mainstream state theory has contributed little to an understanding of the ways in which gender relations intersect with a patriarchal state. In fact, political theory in general largely dismisses the impact of the state on women as not worthy of serious or separate analysis. Such neglect can be attributed to a number of factors. For instance, when gender is considered theoretically, it is frequently subsumed under what are considered more important and fundamental analytical categories, such as class and the economy (ten Tusscher 1986). There is also a reluctance, unfortunately common to many disciplines populated by male practitioners, to question the gendered nature of the assumptions inherent in many of the theoretical concepts utilised or to consider the adequacy of the resulting analyses in relation to women. So much so

that, according to Bonder (1983:570), 'political science has been the least affected by the impact of the new feminist ideas'. While written over a decade ago, similar sentiments of a more recent origin are echoed by Bryson (1992).

As Franzway, Court and Connell (1989) point out, however, the dichotomy between public and private spheres makes gender an intrinsic part of state theories. Cross-cultural research indicates that the distinction between public and private is pervasive and fundamentally connected with gender - women's work is associated with the private sphere and men's work with the public (ibid). Quite simply, the state, as an institutional configuration, is predicated on fundamental assumptions regarding the nature of gender relations. As such, an essential component of *any* adequate state theory must be the recognition of the connection between the state and the patterning of gender relations in society. Traditional political theory generally and state theory in particular have both been somewhat tardy in this regard.

However, while the state is central to feminist analyses in a number of ways, it has been a common criticism that, for the most part, feminist analyses of the state are underdeveloped. Indeed, in 1983 MacKinnon stated forthrightly that 'feminism has no theory of the state' (in MacKinnon 1989:157). While there has been an abundance of case-study analyses of specific state policies as they impact on women, for example housing, health and so on, few of these have been explicit about the theoretical assumptions being made about the state. Such studies have been characterised as feminist critiques of *political* theory rather than attempts at formulating a feminist theory of the state, per se (Jessop 1990). Consequently, a great deal of feminist political analysis, while drawing on particular traditional theoretical conceptualisations, theorises the state in an implicit rather than explicit way (Franzway, Court and Connell 1989:ix).

Postmodernism

A postmodern critique of the capitalist state is a theoretical oxymoron, for, as Hoffman (1995:11) observes, postmodernism 'appears to reject the very idea of critique'. Postmodernism rejects what it terms monological or totalising discourses - that is, authoritative voices or

stories which are 'timelessly and universally true' - because they impose an illusory and deceptive organisation on what are, in fact, 'unruly historical events' (ibid:164). For instance, a Marxist theory of the state is a totalising discourse because it is an authoritative explanation of the operation of the capitalist state. However, to critique events, or the state, from a postmodern position would necessarily raise postmodernism itself to the status of a totalising discourse - a rather fundamental and paralysing contradiction. The solution to this difficulty, however, lies in 'deconstruction', a process by which postmodernist judgement or critique is inoculated against becoming totalising. When a discourse is deconstructed, according to Connolly (1989), it yields to what he describes as a 'code of paradox' (in Hoffman 1995:166). This code of paradox 'compels a discourse to 'undo' itself by facing up to a number of unpalatable and painful realities' (ibid). Quite what constitutes the compulsion, or what form the 'undoing' takes remains unspecified.

Given the difficulties of applying such an approach to the state, it is no surprise to find that it is little regarded by postmodernists. According to Foucault (1979:20), the state is a 'mythical abstraction whose importance is a lot more limited than many of us think'. Even an analysis of power, Foucault (1981:96) argues:

...should not concern itself with the regulated and legitimate forms of power in their central locations, with the general mechanisms through which they operate, and the continual effects of these. On the contrary, it should be concerned with power at its extremities, in its ultimate destinations, with those points where it becomes capillary, that is, in its more regional and local forms and institutions.

And further:

I would say that we should direct our researches on the nature of power not towards the juridical edifice of sovereignty, the State apparatuses and the ideologies which accompany them, but towards domination and the material operators of power, towards forms of subjection and the inflections and utilisations of their localised systems, and

towards strategic apparatuses. We must eschew the model of Leviathan in the study of power. We must escape from the limited field of juridical sovereignty and State institutions, and instead base our analysis of power on the study of the techniques and tactics of domination (ibid:102).

Given the contradictory postmodernist approach to critique, the relativist approach to competing discourses, and the disdain for the state as a subject of analysis, it is difficult to see how a credible postmodernist position in relation to state politics can emerge.

Conclusion

Political theories, according to Vincent (1987), differ fundamentally from what he terms 'scientific' theories: it is impossible to say which political theories, if any, may be 'true' or 'false'. Given that political theories play a significant role in constituting the realm of politics and political behaviour, there is no 'independent' reality against which competing paradigms can be judged. The test for a political theory, therefore, lies in its explanatory adequacy. Considered this way, the 'grand', 'monolithic', or what Althusser has termed 'substantive', theoretical tradition of both pluralism and Marxism may all be considered at various times 'good' political theories - in spite of the internal theoretical and practical contradictions outlined above. For example, the economic determinism of Marxism may, in some circumstances, be an entirely appropriate explanation of events. Indeed, in the New Zealand context over the last decade, a very persuasive argument can be mounted that accounts for political changes in terms of economic imperatives. In education, too, even the rather beleaguered Marxist notion of correspondence has had a renewed relevance in relation to the restructuring that occurred during the 1980s, when education became even more closely tied to the requirements of the workplace.

Thus, the problem with grand/substantive theories of the state is not so much the concepts and assumptions on which they are based, but rather the pre-determined nature of their concepts and assumptions, that is, they are perspectives constructed to explain states in their entirety in terms of pre-established causal mechanisms and explanatory approaches. In fact, the search for a satisfactory general

theory has encouraged, if not required, this particular epistemological orientation to the construction of theoretical accounts of the state. For example, pluralism relies, amongst other things, on behaviourist assumptions that create a fragmented and individualised frame of reference; whereas Marxism's *raison d'être* is the logic of capitalism which is employed to explain society as a whole. Given the complexity of modern states, however, both approaches have been demonstrated empirically to be insufficiently sensitive to all possible state forms and functions.

A number of solutions have been proposed to solve the intractable difficulties inherent in the 'state debate'. One has been to abandon the search for a grand theory. Another has been to attempt a synthesis of both pluralism and Marxism, to combine the insights of each - although the 'open-ended' nature of the sort of Marxism this convergence creates has numerous critics (McLennan 1984). A third possibility is to employ epistemological alternatives to grand theory, for example, the Althusserian 'Generalities II' approach simply 'maps out', using conceptual tools rather than substantive theory, the area of interest (in Mouzelis 1988), or to utilise other theoretical approaches to help bridge the gap between grand theory and evidence.

In the later examination of the Schools Consultative Group, corporatist theory is employed in this latter capacity. Although initially formulated as an alternative to both Marxism and classical pluralism, corporatist accounts of the state have, thus far, proved to be less than satisfactory. What corporatism *does* provide, however, when used in conjunction with a more robust state theoretical explanation (the subject of Chapter III), is a useful 'middle-range' account of the conditions under which a specific form of political relationship may emerge. The development of corporatist theory is the subject of Chapter II.

CHAPTER II - CORPORATIST THEORY

This chapter outlines the history and re-emergence of corporatism in the early 1970s as the putative 'third way' or alternative to Marxist and pluralist political theory. It also provides an overview of the development of corporatist theory over the last two decades by examining what Williamson (1989) has described as the 'generations' of corporatist literature from 1974 to the late 1980s. The chapter concludes with an outline of some of the difficulties that confront contemporary corporatist theorising - the most significant of which is its inadequate theorisation of the state. As McLennan (1989:247) notes, as a theory 'which forefronts the role of the state', corporatism has not provided an account of the state that is either 'coherent or compelling'. The main conclusion of this chapter is, therefore, that if corporatism is to be analytically useful, it can be most appropriately utilised only as a *description* rather than as an *explanation* of a particular form of articulation between the state and civil society

The Revival of Corporatism

Until the 1970s, the term corporatism was most commonly associated with a number of twentieth century authoritarian regimes: Fascist Italy, Portugal 1933-74, Austria 1934-8, Vichy France, and post-1945 Brazil, Peru and Mexico (Williamson 1985), Nazi Germany (Winkler 1976) and the Soviet Union (Williamson 1989). However, not all the corporatist arrangements this century have been confined to authoritarian states. In the post-war period, corporatism was being used to describe pressure group politics in a number of liberal democracies at different historical conjunctures (Panitch 1979): for instance in Norway (Rokkan 1965); Sweden (Ruin 1974); the USA (Lowi 1969); and Great Britain (Beer 1956; Eckstein 1960; Shonfield 1965) (in Williamson 1989). In these analyses, what was meant by the term 'corporatism' was not clearly defined, although in most instances it was used to describe 'the regular and close involvement of organised interests with the public bureaucracy and ministers in the formulation of policy, most usually economic policies' (ibid).

The publication of Schmitter's (1974, reprinted 1979) now seminal essay, 'Still the Century of Corporatism?', however, marked the point

at which corporatist theory began to develop into a more specific description/explanation of the relationship between organised interests and the state within liberal democracies (Williamson 1989). In order to distinguish between earlier authoritarian corporatism and the more recent application of corporatism to liberal capitalist societies, the term is commonly prefixed in the literature as either 'neo-', 'societal', or 'liberal' corporatism. However, as these labels and the distinctions they refer to are (as with so much else about corporatist theory) the subject of debate, in the following discussion the term 'corporatism' will be used to denote its usage in modern liberal capitalist societies.

In spite of its comparatively recent development, corporatist literature is already extensive and somewhat diverse. The range of applications of corporatist analysis is quite impressive, although this diversity has contributed greatly to the perceived inaccessibility of this body of theory (Williamson 1989:ix-x). There are now several 'generations' of theorists currently engaged in an extremely vigorous internecine debate concerning the virtues and vices of 'old' versus 'new' corporatism - for example, does corporatism theorise a political form of the state or does it explain a process of policy-making (Cox 1988a) - and, consequently, about what should and should not constitute the central tenets of contemporary corporatist theory.

As the fundamental concepts of corporatism are debated, however, and as the application of the theory to an increasingly wider range of issues causes those concepts to be questioned, modified or abandoned, the overall picture presented of corporatism is, as Williamson (1989:5) notes, 'one of a rather elastic concept with a somewhat uncertain core'. While conceptual debate provides a necessary platform for theoretical development, according to Perry (1987:114):

The term 'corporatism'...has been used to explain the Japanese economic miracle...and the Polish political failure; to account for Romania's successful transition to industrial society and Scotland's lack of success in preventing deindustrialisation. It has been identified as an alternative to capitalism...and as a way of preserving it; as complementary to pluralism and as a repudiation of it; as a

means of defending working-class interests and as a barrier to their expression.

This diversity of application coupled with the lack of unanimity over fundamental concepts, has provided fertile ground for a number of critics who question the utility of corporatist theory. Pluralist critics in particular have been extremely vociferous in their challenge to devotees of corporatism to elaborate more precisely what their model consists of, as well as to show categorically how corporatism can be clearly distinguished from one of several varieties of pluralism, particularly corporate pluralism. Their most strident criticism, though, has been that, despite the claims for it, corporatism offers no new insights into the relationship between organised interests and the state and 'is no more than a label for some *developed*, that is *institutionalised*, form of pluralism (Williamson 1989:62). In other words, corporatism stands accused of merely reinventing the pluralist wheel (Cox 1988b).

The boundary problems between corporatism and pluralism (Grant 1985) and the lack of a definitive theoretical model have been criticisms that corporatist theorists have had difficulties countering. As Cawson (1986:77) notes, the 'recent literature on corporatism has been conspicuous for its lack of agreement on the nature of the concept'. It has suffered from what Bull (1992:257) has described as 'conceptual stretching', that is, the constant adjustment of its central features in order to account for changing reality. And, according to Therborn (1986:213), the potential of corporatist theory to illuminate the relationship between organised interests and the state is difficult to establish because not only do we not know 'what a fully corporatist animal looks like', but we do not know either 'what separates it from others in the zoo of political sociology'.

In response, corporatist theorists have pointed out, somewhat inadequately, that it would be unfair to expect a high degree of theoretical unity in such a new body of literature. The development and refinement of concepts is a normal part of the process of theoretical development and should not be taken to indicate that the theory is meaningless. Moreover, disagreement over concepts is hardly unique to corporatism. As Cawson (1988:313) points out:

...democratic theorists are divided over whether democracy is an institutional arrangement or a set of values; students of power have never been able to agree on a usable concept. However, surely few would use such disagreements as a reason for dismissing the significance of power and democracy.

However, a number of corporatist writers acknowledge as legitimate the criticism that the diverse range of applications of the theory has resulted in as many different versions of corporatism as there are writers on the subject. This is, in part, a function of the fact that corporatism has been used to refer to a complete economic system, a form of state, a form of interest intermediation, and a mode of policy-making. The diversity of application, though, has been attributed to the sheer novelty value of having a different theoretical approach and is, consequently, somewhat inevitable. As both McLennan (1989) and Williamson (1989:189) have pointed out, there has been a recent 'scaling down' in the number of corporatist analyses attributable simply to a declining interest in the theory:

...in more recent times...the upsurge of interest in corporatism has significantly abated. While differences continue to exist, there is today a concentration on fewer, more enduring representations as many have fallen off the corporatist band-wagon. We should not, therefore, become over-concerned with what used to be a body of theory that was rather difficult to pin down. Today there is a more solid central core.

Criticism concerning the distinction between corporatism and pluralism, however, is more substantial and complex. This particular argument will be dealt with in a later section.

Phases of Corporatist Theorising

Interest in corporatist theory first developed in mainstream political science with the publication of Schmitter's (1974) essay, 'Still the Century of Corporatism?', and, as Jessop (1990:111) points out, this work remains the 'standard point of reference' for any discussion of corporatist theory. The following discussion focuses on the

chronological development from 1974 of what Williamson (1989:9) has termed 'the corporatist dynasty'. This 'dynasty' can be divided into several 'generations' which serves not only to outline the changing concerns and approaches of corporatist theorists from 1974 up to the mid-1980s, but also to contextualise the origin and growth of a number of key issues that remain unresolved within corporatist theorising.

'1974' and All That...

Pick up any publication on corporatist theory and included in it will be the most quoted definition of corporatism: that of Philippe Schmitter. Writing in 1974, Schmitter's definition of corporatism (in Schmitter and Lehmbruch 1979:13) marked a shift away from the previous usage of corporatism, as a description of a form of policy making, to focus on institutional structure:

Corporatism can be defined as a system of interest representation in which the constituent units are organised into a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and supports.

It is important to note, too, that Schmitter's definition of corporatism as a system of interest representation pitched corporatist theory at the level of explaining and understanding the *relationship* between society and the state in capitalist democracies. Corporatism was not, as some later theorists claimed, the theorisation of a completely novel form of political economic system that could be distinguished from capitalism. In this sense, corporatism was not intended to be an explanation of a 'total system', simply the theorisation of a particular aspect of the existing one. The extension of corporatism as a theorisation of a novel form of political economy was to be developed by later corporatist writers.

Aware of the previously negative association with fascism, one of the key themes of Schmitter's corporatist theorising (along with other earlier writers), was not only the articulation of a coherent definition of the corporatist model, but also the attempt to distinguish this new variety of corporatism evident in liberal democracies from that of more authoritarian regimes. Although Schmitter viewed the development of corporatism as not exclusively the domain of either authoritarian or liberal systems - in fact, corporatist structures could exist in markedly different types of system - a distinction did need to be made between corporatist forms in democracies and non-democracies (Williamson 1989:11). He labelled these two sub-types *societal* corporatism and *state* corporatism, based on a distinction made by an earlier corporatist theorist, Rumanian Mihail Manoilescu (1936, in Schmitter 1979).

However, while corporatist structures could exist in any political system, the processes that gave rise to such structures were quite different. In general terms, Schmitter (1974, in Schmitter and Lehmbruch 1979:24) argued that the development of corporatist structures in any given regime:

...[are] related to certain basic imperatives or needs of capitalism to reproduce the conditions for its existence and continually to accumulate further resources.

However, it was the differences in these imperatives that accounted for the differences in origins between societal and state forms of corporatism. The origins of the societal variant of corporatism:

...can be traced primarily to the imperative necessity for a stable, bourgeois-dominant regime, due to processes of concentration of ownership, competition between national economies, expansion of the role of public policy and rationalisation of decision-making within the state to associate or incorporate subordinate classes and status groups more closely within the political process (ibid:24-25).

The emergence of state corporatism, however:

...seems closely associated with the necessity to enforce "social peace", not by co-opting and incorporating, but by repressing and excluding the autonomous articulation of subordinate class demands in a situation where the bourgeoisie is too weak, internally divided, externally dependent and/or short of resources to respond effectively and legitimately to these demands within the framework of the liberal democratic state (ibid:25).

To summarise in more general terms, corporatist structures emerge within a liberal-democratic framework in conditions where civil society co-operates and agrees with the need for the state to establish order (the societal variant), or when order and stability are imposed in an authoritarian manner from above by the state - the state variant.

While Schmitter's explanation of societal corporatism represented the first significant attempt to understand the origin and nature of corporatist structures in liberal democracies, it still contained a number of unresolved issues (Jessop 1990). As Williamson (1989:12) points out, Schmitter's arguments for the emergence of corporatist structures were extremely general, if not 'speculative', offering very little detail on the 'specific operation of and power structures associated with societal corporatism'.

More importantly for later theorising, perhaps, was Schmitter's ambiguous and contradictory treatment of the state. According to Jessop (1990:112), Schmitter's system of interest representation:

...simply took the state as given and endowed it with the power to licence, control or, indeed, create corporatism.

Schmitter's conception of an autonomous state with powers to licence, control or create corporatist groups was inconsistent with his explanation of the origin of corporatist structures being located in 'certain basic imperatives or needs of capitalism to reproduce the conditions for its existence'. This explanation, according to Jessop (1990:112), treated 'the state as a simple instrument', and endowed 'the bourgeoisie with the power to restructure the system of political representation at will'. In addition, Schmitter's treatment of the state

implicitly perpetuated the distinction between the public sphere of the state and private sphere of civil society - the distinction for which pluralist theory was criticised - by appearing to view the state as 'outside, if not above, conflicts rooted in the economy and civil society' (ibid). However, if, as Schmitter asserts, the emergence of corporatist structures is contingent upon the imperatives of the reproduction of capitalism, this would suggest, according to Jessop (1990), 'that the capitalist state is deeply implicated in (rather than standing above) class conflict (ibid).

At the centre of Schmitter's definition of state and societal variants of corporatism, however, lies a fundamental contradiction. As Cox (1988b) notes, although the distinction between the two types appeared to correspond with empirical reality, that is the emergence of corporatism in both fascist and liberal-democratic regimes, in both societal and state variations, according to Schmitter's definition, the state *necessarily* played a dominant and decisive role as the licenser and controller of monopoly functional groups. If the state necessarily dominates both versions, then, the distinction between the two is a *non sequitur*: 'state corporatism is about imposition by the state - a tautology on reflection. Societal corporatism is about societal interests agreeing to the state imposing decisions - which is hardly distinct from pluralism' (ibid:42).

Using Schmitter's definition of corporatist arrangements to explain state-interest group relations in liberal democracies, subsequent corporatist writers have struggled, not too successfully, to construct an adequate theoretical account of the state. This 'spectre of the state', as Cawson (1989:233) puts it, continues to haunt corporatist writing.

At the same time as Schmitter was developing his model of corporatism, another, although subsequently less influential, model was being proposed. In 1974 Pahl and Winkler published a paper boldly predicting, with what Williamson (1989:13) has described as 'an unwise degree of certainty for the academic world', that a corporatist system would be established in Britain by 1980. Unlike Schmitter's model of corporatism as a system of interest representation, Pahl and Winkler presented an alternative model of corporatism as a novel

form of political economy that could be distinguished from both capitalism and socialism:

Corporatism is an economic system in which the state directs and controls predominantly privately-owned business according to four principles: unity, order, nationalism and success.... Stripped to its essentials, corporatism is principally defined by one particularly important qualitative change, the shift from a supportive to a directive role for the state in the economy (in Winkler 1976:103; emphasis in original).

According to this version, corporatism is viewed as 'a response to changes in the structure of the...economy', changes generated due to '...industrial concentration, declining profitability, technological development, and international competition' (Winkler 1976:117). Driven by economic crisis, the state is encouraged to intervene to secure the stability of capitalism. However, in doing so, the role of the state changes *qualitatively*. Increasing intervention alters the role of the state from being merely supportive, that is, from the provision of incentives and subsidies, welfare services, technological development, etc, to being directive - a situation where the state assumes direct control over economic production (Winkler 1976). Corporatism is proposed as 'the best means for the achievement of collective success' (ibid:110):

[It] operates from the belief that goals are better achieved through the purposive organisation of collective effort than through spontaneous individual responses to perceived opportunities. Concretely, this means a corporatist regime would attempt to establish control over the investment process...and assume some degree of responsibility for economic planning....This is more than conventional state intervention, more than Keynesian demand management, indicative planning, technocracy or socially responsible capitalism. It is a planned, organised and controlled economic system, justified by its ability to achieve collective ends.

Such a fundamental restructuring of the economy and the state would result in an enduring situation from which, according to Winkler (1976:118), there would be 'no going back'. The system would no longer be capitalist because 'rights over private capital [would be] abrogated by the state, and the market mechanism...superseded by oligopolistic power' (Cawson 1986:23).

Pahl and Winkler's model of corporatism was developed within the context of a bipartisan approach to the management of the British economy during the early 1970s. This trend was generalised, prompting the prediction that:

A corporatist economic system...is likely to be instituted in Britain during the life of the present government and its successor (whatever its political complexion), that is, over the next five to ten years (Winkler 1976:114).

Unfortunately for Pahl and Winkler the empirical evidence did not support their confident claim, nor did their theorisation of the state and capitalism bear close scrutiny (for a detailed critique see Jessop 1990:113-116). Most damaging to their claim, though, was the fact that the economic crisis experienced in Britain patently did not result in state direction and control. On the contrary, the election of the Thatcher government and subsequent adoption of neo-Liberal economic policies made their predictions appear, as Williamson (1989:13) notes, 'more eccentric than anything else'. According to O'Sullivan (1988), it was only in Japan that anything could be found to fit Pahl and Winkler's model. However, comparisons between Japan and western democracies, given their different political traditions, revealed very little about the western corporatist experience (ibid). Not surprisingly, perhaps, this variety of corporatism has little current appeal.

The First Generation

By the end of the 1970s, the interest in corporatist theory was translating into an increasingly substantial body of literature - some of which were published in a volume edited by Schmitter and Lehmbruch (1979), *Trends Toward Corporatist Intermediation*. Judging by the work presented in this volume, there had been little

progress made in establishing a clear model of corporatism. Quite the reverse, in fact; the level of disagreement appeared to be increasing (Williamson 1989:14).

Perhaps the most important issue to emerge from this generation of corporatist theorising was the discussion surrounding the need for a more adequate theorisation of the state in order to understand its role in the establishment and maintenance of corporatist structures. To this end, both Jessop (1978) and Panitch (1979) presented reinterpretations of corporatist theory within a framework of Marxist state theory. According to Panitch (ibid:123), corporatism was best understood as:

...a political structure within advanced capitalism which integrates organised socioeconomic producer groups through a system of representation and co-operative mutual interaction at the leadership level and of mobilisation and social control at the mass level.

In this version, corporatism was a state strategy to 'integrate the working class into the capitalist state in the interest of protecting business and capital accumulation by restraining wage and other social demands at a time of falling profits and increased international competition' (Cox 1981:92). Labour was 'duped' into collaboration with capital and 'incorporated into a process of economic constraint' (McLennan 1984:102).

In contrast to, and as an improvement on, both Schmitter and Pahl and Winkler, Jessop (1978, in Jessop 1990:116) argued that corporatism had so far been analysed in 'technological, economic or class reductionist terms and/or in an arbitrary, eclectic and *ad hoc* manner'. These deficiencies, he maintained, were clearly reflected in the inadequacy of the corporatist treatment of the state in both approaches: it was viewed as 'an autonomous instance and both theories fluctuated between instrumentalist and subjectivist views of state intervention' (ibid). According to Jessop (1990:120), corporatism could be defined as a specific form of state within capitalist society characterised by a 'specific mode of articulation and disarticulation between representation and intervention':

Corporatism can also be defined as a distinctive combination of political representation and state intervention. In this case, however, representation is mediated through a system of public 'corporations' which are constituted on the basis of their members functions within the division of labour. And state intervention occurs through these same corporations and/or administrative agencies formally accountable to them. Thus, whereas representation and intervention are typically institutionally separated in parliamentary-bureaucratic systems, in corporatism they tend to be institutionally fused. For the formal organs through which political representation is mediated are also responsible for intervention.

In other words, corporations, constituted on the basis of economic function, serve to both represent the interests of their members to the state, as well as to implement state policies (Cawson 1986). Interest groups do not persuade governments of the need to implement a particular policy; policy is the outcome of negotiation between functional groups and the state. It is this notion of the 'fusion of the processes of representation and intervention' that distinguishes corporatist structures from other state forms. As Cawson (1986:25) notes, '[t]here is no separation, except in theory, between making the policy and implementing it'.

By contextualising their analyses of corporatist structures within the framework of Marxist state theory, however, both Jessop and Panitch imported into their interpretation of corporatism Marxism's associated economic reductionism. And, according to Cox (1981) the argument that corporatism was simply a state strategy on behalf of capitalism could be refuted by empirical evidence: for example in Britain, business, as well as state agencies such as the Treasury resisted rather than encouraged corporatist developments. And the notion that unions were 'duped' into participation dismissed the extent to which, as McLennan (1984:102) observes, in corporatism 'it is above all the long term struggle of *labour* which is recognised, negotiated, and (possibly) furthered', through concessions such as welfare provision which are won *from* capital.

At the same time as Jessop and Panitch were proposing an approach that fused corporatism with Marxist state theory, Cawson (1978), partly in response to the version of corporatism advocated by Winkler, began to examine the uneven development of corporatist structures in Britain. According to Cawson (ibid:187), corporatism could be defined as:

...a politico-economic system in which the state directs the activities of predominantly privately-owned industry in partnership with the representatives of a limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated interest groups.

While Cawson also linked the development of corporatist structures of interest representation with 'long-term changes in economic structure and technological development' (ibid:197), his paper represented the first corporatist analysis to suggest that corporatism should not be viewed as a total system (Williamson 1989). According to Cawson (1978:181), the political system in Britain 'embrace[d] both a 'corporate sector' and a 'pluralist sector' of interest representation', with the tendency for corporatist arrangements to develop only in *strategic* areas of state activity. Given the fundamental role of the state as the 'guarantor of capitalism' (ibid:191), it would of necessity be economic interests that became corporatised as state intervention to regulate economic activity increased:

Since the major determinant of the corporatist trend is concentration in the economic structure and in the plurality of political interests, it is clear that corporate representation will become most fully developed in economic issues reflecting the strategic role of the state, and interest groups will be incorporated or established where co-ordination and planning is recognised as essential to the performance of this role (p185).

In other words, there was an important distinction to be made 'between groups according to their significance for the activities of the state rather than according to their subjective concerns' (Cawson 1978:192). A corporatist relationship between the state and producer

groups would be vital in economic planning to provide not only the 'specialised knowledge and professional capability' required by the state, but also to confer legitimacy by providing a context in which state intervention can occur within an environment of 'consultation and representation' (ibid). In contrast, the activity of *consumer* groups, for example the civil liberties lobby, would remain 'largely outside the purview of the state' and firmly within the realm of pluralist pressure group politics (ibid). This distinction between producer and consumer spheres of interest representation was an important precursor to the later shift in corporatist theory, from a macro-level 'total system' explanation, to analyses located at both meso- and micro-level (Williamson 1989).

Before moving to the second generation of corporatist theorising, two more developments during this time can be noted briefly. The first was the emphasis by Lehmbruch (1979) on corporatism as a means of regulating conflict between labour and capital based on his observations that corporatist structures most frequently occurred between organised labour and business interests, and were most often concerned with economic policy, particularly income policy (ibid:152). This was similar to the view articulated by Panitch (1979), although Lehmbruch's emphasis was on the 'high degree of collaboration' and consensus among these groups rather than the more Marxist focus of class conflict. In times of economic crisis, the more direct attempts by the state to control economic activity created, according to Lehmbruch, 'acute problems of consensus' (ibid:154). Under such circumstances, direct control was replaced in favour of 'political bargaining of governments with the large interest associations, that is to say, by corporatist consensus-building' (ibid).

The second point to note was indicated by a shift in terminology by Schmitter (1979). Instead of discussing corporatism as a system of interest *representation*, he had shifted to labelling corporatism as a system of interest *intermediation* (ibid:63-94). According to Schmitter (1979:93), the concept of interest representation was an inadequate attempt to capture what it was that interest organisations actually did:

...it conveys the impression that formal interest associations accurately and faithfully transmit the demands and

preferences of their members, or, worse, are "representative" in some statistical sense of the term...[and] it implies that representation is the exclusive or even predominant task of such specialised organisations.

Rather, what Schmitter wanted to convey through his use of intermediation was the notion that:

...associations not only may express interests of their own, fail to articulate or even to know the preferences of their members, and/or play an important role in teaching their members what their interests "should be", but also often assume or are forced to acquire private governmental functions or resource allocation and social control. Representation (or misrepresentation), hence, may be only one of the activities of these associations (ibid).

In short, interest organisations acted as intermediaries between the state and their members, not necessarily 'accurately or fully' representing their members' interests on the one hand, and on the other, acting to 'perform a regulatory function over their members in a quasi-public manner' (Williamson 1989:14).

The Second Generation

As with the first generation, the second generation of corporatist theorising was represented by the publication of two edited volumes, *Patterns of Corporatist Policy Making* (1982) by Lehmbruch and Schmitter, and *Organising Interests in Western Europe* (1981) by Suzanne Berger. This second generation of theorising is perhaps best characterised by an emphasis on the elaboration of existing issues and on the systematic application of corporatism in empirical research, rather than on the 'conceptualisation and speculative theorising' of corporatists of the previous generation (Lehmbruch 1982:1).

According to Williamson (1989:16), one of the most important issues to emerge at this time was the 'recognition that there were two linked, though distinct, usages of corporatism'. As Schmitter (1982:262) noted, one of the most productive debates in corporatism had been between

those theorists advocating what he labelled as 'corporatism₁' and those advocating 'corporatism₂':

...those who define it as a distinctive mode for organising the conflicting functional interests - whether these are based on social class, economic sector or professional status - and those who identify it as a distinctive mode for making and implementing public policy.

This debate between the old and the new 'testaments' of corporatism (Cox 1988b:294), is one aspect of corporatist theory that, as yet, remains unresolved.

A further conceptual development at this time was that of Cawson (1982, 1983). Expanding on his earlier work, that a corporate sector of interest representation co-existed with a pluralist sector within the British political system, and drawing on the work of Offe (1975), he developed the concept of a *dual politics thesis* (1982:15-30). In his analysis of corporatism and welfare state intervention in Britain, Cawson argued that corporate groups arose 'directly out of the functional division of labour in society' (ibid:37). Consequently, corporatist structures were a feature of state intervention in the arena of economic production. In this form of policy-making:

representation (of demands) and implementation (of policies) are fused within a mutually dependent bargaining relationship in which favourable policy outcomes are traded for co-operation and expertise (ibid:39).

Due to the 'degree of independent power' that accrued to such functional groups, the state could not simply 'incorporate', and thereby dominate, such groups; nor could it merely 'co-opt' members of corporate groups as a token measure of participation - their autonomy implied the capacity for resistance to such moves. Rather, the state needed to 'accommodate' these groups within a 'genuine bargaining process' - hence the emergence of a corporatist relationship (ibid:39-40).

In contrast, the pluralist or *competitive* sector of politics was the domain of the interests of 'clients' of the Welfare State, for example

Child Poverty Action Group, Age Concern, etc (Cawson 1982:42). Within this sphere of competitive politics, such groups:

...may have regular access to parties and government, they may receive government financial support and be consulted prior to the passage of legislation, but their access is controlled by politicians and administrators. They do not possess socio-economic leverage - they have no clout - because the clients they represent are not among the economically productive whose co-operation is a prerequisite of successful policy (ibid:42-3)

In summary, what Cawson was attempting to indicate with the dual politics thesis was that the state does not enter into the same sorts of relationships with all interest groups. As Williamson (1989:124) notes, this thesis suggests 'that the mode of representation is dependent upon the type (producer, allocator, etc) and hence the target (function and individual) of state intervention'. Where interests are formed around socio-economic function, the state cannot impose policy decisions without some loss of legitimacy. Therefore in such instances, the corporatist mode of representation would be more appropriate for successful intervention (ibid:125). However, a number of criticisms of this thesis were raised - most notably its functional nature and the fact that policy does not always neatly divide into production and consumption spheres.

One final feature to emerge in this generation of corporatist theorising was the need to consider the development of corporatist structures at different analytical *levels*. In contrast to the dominant and 'outspoken macro bias' of most of the corporatist theorising to date, Wassenberg (1982:85) argued for a view of corporatism as a 'conflict-displacing, rather than...conflict resolving device' in industrial societies. In place of the macro-orientation of corporatist theory, Wassenberg suggested a three-level analysis of the political system comprising:

...the peak institutions...like parliament, cabinet and the establishment of private peak associations (e.g employers', industrial-entrepreneurial, financial and labour associations) ...are referred to when we use the label 'macro'....'Micro'

refers to individual corporate entities...local representatives of the trade unions and chambers of commerce and so forth...'Meso' then refers to the more or less institutionalised entity of complete industries, regional public authorities and the industry-wide and regional managerial machines of trade associations and labour unions' (ibid).

In what he referred to as this 'vertical "balkanisation"' of the political and economic order, Wassenberg argued that corporatist structures would prevail at the meso-level, but at the same time, the costs of any corporatist accommodation could be displaced to both the macro- and micro-level - for example, a conflict between capital and labour may be transported downward to the level of individual industries (ibid:85-86). The significance of Wassenberg's distinction between separate levels of corporatist structures was that it provided the key feature of the third generation of corporatist literature.

The Third Generation

Where the previous generations of corporatist theorising were characterised by the publication of one or two collected editions of essays, due to the utilisation of Wassenberg's levels of corporatist analysis, the third generation was marked by a distinct broadening of the agenda for corporatist research and a concomitant explosion in the literature. By the mid-1980s corporatist theory had been applied to a wide variety of situations. From meso- and micro-level issues such as: land use planning in Britain (Simmie 1985); industrial relations (Crouch 1985); problems of governmental accountability (Birkinshaw 1988); the formation of the European Community (Sargent 1985); Thatcherism (Bonnett 1985); and the Quebec construction industry (Coleman 1985); to the more usual macro-level application of the corporatist model to the experience of individual states: Sweden (Elder 1988); Austria (Marin 1985); Italy (Bull 1988); and Germany (Berghahn 1988). The criticism that corporatist studies were often short on empirical evidence was undeniably answered - according to Williamson (1989:18), perhaps a little too emphatically. This raised further criticism, however, that in a number of these meso-level case studies, attempts to link empirical evidence with theoretical concepts

was somewhat neglected, as was any acknowledgement of the inherent difficulties in just such a task (ibid).

An important development to corporatist theory at this time, though, and particularly relevant given the arrival in a number of western democracies of neo-Liberal governments, was the concept of *private interest government* (Streeck and Schmitter 1985). This entails, according to Williamson (1989:18):

the devolving of public policy functions to private interest associations. Thus parts of the economy, and the wider society, are regulated by 'private' associations performing a 'public' role, as opposed to being regulated through either the market or the state bureaucracy.

Most importantly, perhaps, this notion of private interest government removed the necessity for corporatist arrangements to be connected directly with state intervention, but could exist through other 'quasi-public structures'. As Williamson (1989:18) notes further, the philosophy of state deregulation characteristic of neo-Liberal administrations appeared to fit quite neatly with the idea of private interest government - an indication, perhaps, that, with the arrival of such governments, 'corporatism was not on its deathbed'.

Reinventing the Wheel? The Challenge to Pluralism

While it is evident from this brief account of corporatism's theoretical development that considerable disagreement exists concerning what constitutes a corporatist framework and to what it can be legitimately applied, there is considerable unanimity of opinion throughout the literature concerning the reason for the revival of interest in it during the 1970s. This was as a critique of, and challenge to, the prevailing orthodoxies of both pluralist and Marxist models of society. In its challenge to Marxism, corporatist theory questioned the notion that class conflict is the ultimate determinant of social existence (O'Sullivan 1988), although there are a number of Marxist interpretations which have attempted to reformulate corporatism as a strategy of capital, for example Offe, Habermas and Jessop. These have suffered, according to corporatist critiques, from the economic reductionism inherent in Marxist theorising - whereby political

processes are viewed as merely an epiphenomenon of the economic structure. In addition, non-class interests (assumed to exist by some corporatist theorists) cannot be accommodated or explained adequately by Marxist theory without losing the essential focus of Marxism (for example, Offe 1983; Jessop 1983; cited in Cawson 1985:2-4).

The main object of corporatist critique, however, has been pluralism. When Schmitter first published his formulation of a corporatist framework in 1974, the underlying purpose for doing so was quite clear:

One purpose in developing this elaborate general model...is to offer to the political analyst an explicit alternative to the paradigm of interest politics which has heretofore completely dominated the discipline of North American political science: pluralism (Schmitter 1974, reprinted 1979:14).

In the 1960s, pluralist theory overall had been compromised by the increasing levels of social conflict which its fundamental assumption of consensus could neither accommodate or explain. The 'rediscovery' of inequalities, the growing academic critiques of the theoretical bases of pluralism as well as the functionalist assumptions with which it was associated combined to challenge the primacy of pluralism as the dominant social and political science paradigm (Cerny 1990:150). Coupled with this was the specific critique by some corporatist writers of the relevance of pluralism to the relations between the state and interest groups in a European context, given that pluralism was a fundamentally American creation (O'Sullivan 1988). Thus, in spite of its negative association with Fascism and Nazism in the 1920s and 1930s corporatism was presented, in the early 1970s, as a viable alternative to the dominance of pluralist explanations of state-interest association relationships.

The corporatist critique of pluralist explanations of the relationship between the state and interest associations is centred on two key issues: the nature and role of interest associations and of the state (Cawson 1986 Ch2; Cawson 1985:2; Williamson 1989 Ch3; O'Sullivan 1988:5). More fundamentally, however, corporatism takes issue with two

important elements of the pluralist approach: namely, its methodological individualism and behaviourism (Williamson 1989:51-2). Pluralist analyses of interest association activity are underpinned by the assumption that although groups exist in society, their behaviour can be understood only through reference to individually held preferences. In other words, groups are simply a collection of individuals and group interests the aggregate of individual preferences. This particular feature of pluralism will be considered in more detail below. The behaviourist assumptions of pluralist theory are concerned with establishing what the legitimate focus of social science research should be: only the objective, scientifically observable behaviour of individuals is deemed relevant. Subjective needs or motivations, due to their 'unobservable' nature, are dismissed. The focus on what is directly observable, however, means that the underlying structures and relations of society and politics are essentially ignored by pluralism - or, at best, taken as given. Outcomes are taken to be the result of individual interactions (ibid). Both the individualism and behaviourism inherent in pluralist theory will be elaborated on in the following discussion.

The Nature of Interest Associations

According to pluralist theory, interests are the preferences expressed by individuals (Cawson 1986:7). Interest groups are voluntary associations of individuals sharing the same interests who organise themselves in order to further those interests and which compete equally with each other for members, resources and political influence (O'Sullivan 1988:5). They are an important component of the *political* system as a whole, not a part of government.

An interest association is viewed as successful, that is, as powerful, if it can secure from government its preferred policy outcomes (Cawson 1986:29). Within a pluralist framework, power has been defined as 'the capacity of one actor to achieve his (sic) ends against resistance by others' (ibid:13). The resources on which this capacity can be based are varied and widely, although not equally, dispersed through society - financial resources, information, skill, etc. This inequality in distribution does not result in a permanently unequal social structure, however. On the contrary, the diversity of power bases within society ensures that groups lacking one resource will have recourse to

another, thus compensating for any disadvantage (ibid). In addition, the most widely distributed form of power, universal suffrage, exercised in the democratic political market-place, ultimately 'ensures equality of opportunity for groups to exercise power, even if not a final equality of outcome' (Cawson 1985:4). This notion of electoral competition is a crucial means by which the accumulation of power can be prevented.

Within a corporatist framework, however, the focus of analysis is the interest *organisation* and how organisational interests differ from individual interests (Cawson 1986:11-12). It is concerned with the process of collective action and how this process 'is constrained by and shapes the nature of the interests involved' (ibid:11). An important distinction is also made within corporatist theory between the kinds of interest groups that can be formed. Those formed around 'functional', that is work-related, interests are considered to be of more significance politically than groups that form around other interests, for example, ethnic identity (Cawson 1985:4). Functional groups are further divided into producers, for instance trade unions and professional associations, and consumers, who, given the dispersed and diverse nature of their interests, are unlikely to engage in corporatist arrangements.

In contrast to pluralism, within a corporatist theoretical framework a *limited* number of significant functional interest groups form due to what Cawson (1986) has termed 'the degree of concentration in the structure of interest groups'. The concept of concentration is derived from an analogy between the economic market and the political market, and the tendency toward oligopoly (limited competition) and monopoly in the economic market (ibid:32-35). As successful producers in the economic sphere tend to acquire market power, that is, the power to govern the market rather than being governed by it, so too does concentration of interest representation occur (Cawson 1985:5). In opposition to the pluralist notion that power is dispersed in society, within a corporatist framework, there exist very distinct inequalities and hierarchies of power. According to Cawson (1986:14):

...organisations achieve power by a process of social closure, whereby they attain the status of monopoly representative of a particular category of functional interest. It is the nature of

the interest, and the monopoly position gained through closure of the political market place, which accounts for inequalities of power.

In short, some organisations become interest monopolies no longer simply *representing* interests but becoming instrumental to their *formation*. It is just such groups which become 'corporatised' and become part of the process of government policy formulation and implementation. In summary, then, corporatism asserts that, contrary to pluralist theory, there are only a small number of very large, essentially non-competitive interest groups formed around socio-economic functions, and that membership of these groups cannot be considered voluntary because exclusion from these groups would mean effective exclusion from participation in the political process (O'Sullivan 1988:5).

The Role of the State

Within a pluralist framework, the concept of the state is synonymous with government (Williamson 1989:55), therefore a theory of the state is largely unnecessary. It can be said, though, that pluralism contains an implicit theory of the state: that there exists a clear distinction between the public sphere - the realm of government and electoral competition - and the private sphere - where the putatively independent formation of interest groups occurs (Cawson 1986:16, 29). What pluralism explicitly theorises, then, is the role of government. Government, rather than state, agencies are assumed to be essentially neutral but responsive to societal preferences as articulated by multiple interest groups. These agencies are operated by officials (civil servants) assumed to have no independent interests or power of their own and who are accountable to a democratically elected government (Cawson 1986:28; Williamson 1989:55-56). Interest groups compete for access to government in order to secure policy outcomes favourable to their particular interest. (It is within this competitive process that the origins of any 'crisis of public authority' lie, a crisis caused, according to pluralist theory, by an 'excess of democracy' (Cawson 1986:16). Interest group demands on the public sphere results in an expansion of government activity. As interest groups proliferate, governments reach the point where demands and expectations become impossible to fulfil, leading to a 'paralysis of government' (ibid).

The government is viewed as the referee or the arbiter in the conflictual and competitive process of interest group lobbying, acting in its capacity as the guardian of the public interest to ensure that the 'interests' of the public are reflected in policy outcome. As such, the government mirrors societal preferences, it does not act against them (Williamson 1989:55). Nor, it is important to note, does it play any role in shaping those preferences. Policy decisions arrived at through this competitive process are then implemented via legislation or administered through the government bureaucracy - the crucial point being that, because of the clear separation within pluralist theory of the public and private spheres, there is no position within a pluralist account of government activity for interest groups to play any role in the implementation of policy.

If a pluralist theory of the state is implicitly predicated on the concept of distinction between the public and private sphere - a position which ignores the role of interest groups *within* the state (McLennan 1989:25) - corporatism, conversely, holds that there has been a growing 'interpenetration', with the boundaries between these two spheres becoming increasingly blurred (O'Sullivan 1988:5). This is due, according to Cawson (1986:35), to the corporatist concept of:

...public policy as the outcome of a bargaining process between state agencies and those organised interests whose power in the political marketplace means that their co-operation is indispensable if agreed policies are to be implemented.

In the real world, as O'Sullivan (1988:5) notes:

...governments continually step beyond the public into the private realm in order to participate in interest politics; while on the other hand, interest groups acquire a quasi-public role, partly by virtue of the privileged position they hold in policy formation.

In contrast to pluralism, then, corporatist theory accords the state more than a merely neutral and responsive role. The state makes use of interest groups to formulate and implement policy. But, more than

that, the state only allows access to this process to those specific groups on which it has conferred, what Offe (1981) has referred to as 'public status', that is the recognition or licensing by the state of an interest group as the legitimate monopoly representative of any particular interest.

It is important to note, too, that corporatist theory focuses on the *state* as opposed to government, thus holding the wider view that the activity of state institutions cannot be explained, as within the pluralist framework, simply by reference to elected governments (Williamson 1989:121).

Conclusion

Although corporatism outlines a considerably more expansive and active role for the state than pluralism, an adequate theorisation of the state within corporatist structures has so far proved elusive. In a putative explanation for the development of corporatist structures, this is a critical omission. As Cawson (1985:6) has noted, corporatist structures always involve the state, yet 'the crucial issue of whether there is a state interest which is integral to corporatist relationships...and how that interest can be theorised [remains] unresolved'. The inadequacy of corporatist accounts of the state, however, can be directly attributed to the over-extension of corporatism - its application as an *explanatory* theory in competition with both Marxism and pluralism, rather than as a *descriptive* account of a form of political relationship.

The contribution of corporatism to understanding the relationship between the state and civil society lies at the level of description. In spite of claims by its advocates, corporatism is not an explanation of state forms capable of displacing either pluralism or Marxism, but is simply one of several alternative descriptions of political reality. Corporatism, as Cox (1988b:44) notes, can best be viewed as 'an empty shell into which anything can be poured, depending upon the balance of political forces shaping the policies of the state'. It describes an ideal-type of relationship between the state and civil society which does not say anything about *how* such a political form is used or by whom: the interests corporatist structures serve, whether they are biased towards some interests at the expense of others, are empirical questions

that can only be answered if corporatism is utilised in conjunction with a more adequate theoretical account of the state. In Chapter III a model of corporatism as an ideal-type will be outlined, as well as the theoretical approach to the state to be utilised in the later examination of the Schools Consultative Group.

As a solution to the difficulties presented by both the 'grand' theoretical and reductionist approaches of much Marxist state theorising, the first part of this chapter outlines a state theoretical framework that draws substantially on the conceptual and 'empirical' approach advocated by Jessop (1990). The adequacy of this approach to an examination of the education state in New Zealand will be considered, as will the relevance of corporatist analysis to the sphere of social policy and to professional associations. The chapter concludes with a model of corporatism to be applied, in conjunction with Jessop's six-dimensional approach to the state, in the analysis of the Schools Consultative Group contained in Chapter IX.

Theory Construction and Method

Jessop (1990) has developed a conceptual framework that aims to resolve some of the most significant inadequacies of Marxist state theory: namely the more or less complex determinism and reductionism. Although he describes his approach as Marxist, this claim is difficult to reconcile with his utilisation of concepts from other theoretical perspectives, the use of regulation theory with its assumption of multiple as opposed to single logics of capital, systems theory and autopoieticism amongst others. According to Jessop (1990:12), his approach to the state theory:

...rules out any possibility that single set of causal mechanisms could explain the concrete, complex development of social life. Thus I do not believe that the economic system (or the dominant mode of production) has the properties necessary to enable it to play a unilateral causal role in determining the form, functions or impact of other systems of social relations....Nor do I believe that Marxist analyses...could exhaust all aspects of social structures and/or social relations. This implies in turn that, for some purposes, Marxist analyses must be articulated with concepts, principles of explanation and assumptions drawn from non-Marxist theories.

While it can easily be asked what remains of Marxist theory in this approach to the state, Jessop has been more accurately described by McLennan (1984) as a 'pluralistic' Marxist.

Methodologically, there are two key themes underlying his theoretical approach: multiple determination of events and contingency. The theoretical task Jessop sets himself is to provide a framework through which the accidental, unpredictable and 'non-necessary' interactions of causal mechanisms which combine to produce specific outcomes and events can be understood. Allied to this is the view that no single set of causal mechanisms can explain how or why interactions occur. Consequently an adequate theoretical and, perhaps more importantly for Jessop, empirical understanding of events in relation to the state is necessarily predicated upon the adoption of a diversity of causal mechanisms as well as the utilisation of concepts and explanations from different theoretical systems. Explanatory adequacy thus rests on a method of theory construction that develops analyses of the real world that progress from abstract to concrete as well as from simple to complex (Jessop 1990:12).

In relation to the state, the starting point for Jessop's approach is that it is not possible to develop a theory of the state in any strong sense of theory understood as 'an integrated account of the state in terms of a single set of causal mechanisms' (1990:249). It is methodologically impossible to establish a single theory which is sensitive to the complexity, diversity and historical specificity of particular states. Indeed, there is so much disagreement over what the state actually is that the development of any adequate theoretical understanding of it has simply produced and reproduced 'vapid debates and a conceptual morass' (ibid:339). The diversity of existing states is such that features given theoretical priority as fundamental and definitive are often a question of preference or of empirical confirmation. Even if agreement could be reached over the basic principles, assumptions and definitions required for an adequate state theory, this is still no guarantee that inferential processes will produce similar conclusions. As Vincent (1987:40) points out:

Hobbes and Locke shared many individualistic assumptions, as also do John Rawls and Robert Nozick. However, in the

case of Hobbes the contractual process leads to an absolute monarchy and in Locke to a rudimentary constitutional theory. In Rawls, the conclusion is a social democratic welfare state; in Nozick, a minimalist state and free market economy.

In addition, the interaction between theoretical development and actual states also precludes any definitive statements concerning state form and function. Political theories play a significant constitutive role in the reality they purport to explain. In short, ideas about the state impinge upon the formation and operation of real states. As a result, there is no independent reality against which the veracity (or otherwise) of competing theories can be assessed.

A Strategic-Theoretical Approach to the State

In light of the intractable difficulties of formulating a 'grand' or monolithic theory of the state, what is required is a 'weak' theory - that is, a set of theoretical guidelines to inform the analysis of states which is sensitive to the 'complex synthesis of multiple determinations' that is the substance of any particular state (Jessop 1990:249), a framework of concepts which does not attempt to explain the state in terms of one set of pre-determined causal mechanisms¹. According to Jessop, what he has labelled a *strategic-theoretical* approach² to the state is more useful than conventional Marxist theorising based largely around perspectives that emphasise either the functionality of state forms to capital accumulation or the centrality of class struggle to state form and function. He suggests that, while these two approaches would appear to exhaust all possible Marxist explanations of events pertaining to the state, the dichotomy between capital-logic and class-theoretical approaches is fundamentally flawed and has presented state theorists with a 'false dilemma': that is, the utilisation of one necessarily excludes and neglects the other. To solve this, what is required is an approach that mediates between the two perspectives and which

¹The advocacy of weak as opposed to strong theory does not originate with Jessop. Althusser (1969) made a similar distinction between what he termed Generalities II and Generalities III - a conceptual framework versus substantive theory.

²Jessop argues that the state should be understood as 'the site, the generator and the product of strategies' (p260), that is, as a political strategy itself. It is a structure which, analogous to the use of strategy in reference to war, is able to impose some conditions of engagement on those forces pursuing particular strategies towards it.

focuses instead on the dialectic relationship between the two - the ways in which 'structures shape forces and forces shape structures' (ibid:256).

Jessop also rejects the assumption of the existence of a single logic of capital. Using regulation theory as a starting point, Jessop proposes a focus which takes into account the existence of multiple logics of capital. By doing so, he draws attention to the *variety* of ways in which 'accumulation comes to be socially mediated through diverse institutions, social norms, networks, forms of compromise and so forth' (1990:254-5). As a result, explanations of any particular accumulation regime are necessarily placed within a framework that is required to acknowledge the contingent nature of reproduction as well as any inscribed laws of motion.

He also rejects the class-theoretical assumptions of class unity on the basis that if there is no single, unified structure of capitalism then it is impossible to reify 'one' class struggle. He goes further, rejecting assertions that all struggle is necessarily class based and central to the reproduction of capitalism. Instead he suggests that the class-relevance of struggle needs to be established rather than making *a priori* assumptions that *all* struggle must necessarily be class relevant or that all class struggles are equal. For example, it is not helpful to consider racist attacks on immigrants and social democratic electoral competition as expressions of the one unified class struggle.

Jessop's approach is an attempt to go beyond prescriptive theoretical agendas which attribute political phenomena to particular sets of predetermined causal mechanisms. The most adequate explanations of events will only be obtained through the utilisation of concepts from a diversity of theoretical approaches in order to best capture the complexity that constitutes modern states. This is not to say, however, that instrumental or capital-logic (or any other) approaches to the state are misguided or incorrect. Quite the contrary, in fact. As Jessop points out with reference to instrumental explanations of state form and function, the purpose of political struggle is to engage the capacities of the state to particular ends. In this regard an instrumental approach may explain particular events very well. However, the starting point for determining the adequacy of such explanations lies in establishing their veracity empirically.

The State as Political Strategy

A definition of abstract characteristics of states appears contradictory to the approach advocated by Jessop. In fact he suggests that it is not the 'proper job' of state theorists to offer definitions, 'once and for all', of what a state may look like or how it may act (1990:340-41). Jessop's approach to the state is as a 'real-concrete' rather than abstract object; that is, he argues for a clear institutional framework from which the functions of the state can be adduced empirically. This approach, however, attempting to theorise the state without explicitly stating what the theoretical subject is, poses a number of problems - not the least of which is the lack of theoretical starting point. To overcome this difficulty, however, he does offer a definition but with the qualification that it is not the end-point of state theorising, but rather it is the beginning; an adequate understanding of the state needs to proceed beyond an initial definition (ibid:343). Thus explanations of the state (and consequently the formulation of a theoretical framework) can never be considered complete because it will 'always be possible to make an account more concrete and more complex...[and] ever richer in theoretical determinations' (ibid:341). With this qualification in mind, the state is defined as an apparatus that:

...comprises a distinct ensemble of institutions and organisations whose socially accepted function is to define and enforce collectively binding decisions on the members of a society in the name of their common interest or general will (ibid).

As an institutional ensemble, however, a state has 'multiple boundaries, no institutional fixity and no pre-given formal or substantive unity' (1990:267); it is neither monolithic nor intrinsically stable or cohesive. Around the state are other institutions and organisations which are connected to a state ensemble in historically variant and societally specific ways. Consequently, a state does not 'achieve full closure or complete separation from society' (ibid:342). In addition, the apparent unity of states can only be understood in terms of the 'specific political projects and struggles to impose unity or coherence' pursued by various forces in their 'attempts to impart a specific strategic direction to the individual or collective activities' of the state (ibid:268). In short, the unity of a state is always constituted

politically (ibid:8)³. Cohesiveness (or the lack thereof) is a function of the extent to which support can be secured around potentially competing state projects both within and outside the core ensemble of a state. As this might suggest, because there is no pre-given institutional unity, variations in cohesiveness within a state have the potential to result in what Jessop has termed 'states within the state' - clusters of institutions/agencies constituted around particular and varied state projects. 'The' state does not exist, nor does 'the' state act. Rather, state activity should be understood as:

the emergent, unintended and complex resultant of what rival 'states within the state' have done and are doing on a complex strategic terrain (ibid:9).

As a result, 'the boundaries of the state and its relative unity as an ensemble or agency [are always] contingent' (ibid:366). What constitutes the apparent unity of a state or of its effects are the outcome of a complex interplay of multiple determinations both within the state formation itself as well as in the wider social arena.

Strategic Selectivity

The concept of strategic selectivity of the state is employed by Jessop to highlight what he describes as 'the state's differential impact on the balance of political forces and the strategies which they can pursue' (1990:10). More specifically, the state can be analysed as 'a system whose structure and *modus operandi* are more open to some types of political strategy than others' (ibid:260):

Particular forms of state privilege some strategies over others, privilege the access of some forces over others, some interests over others, some time horizons over others, some coalition possibilities over others. A given type of state, a

³Two central features of Jessop's conceptualisation of the state ensemble are the concepts of 'state projects' and 'state effects'. State projects are the particular modes of operation through which 'the state [secures] a certain organisational unity and cohesiveness of purpose' (1990:353), the 'structural and strategic factors which contribute to the existence of state effects' (ibid:9). In short, state projects are the various ways in which the state continually creates both the substantive unity of state institutions as well as the means by which it secures and maintains the 'integration and cohesion of the wider society', what Jessop labels *state effects* (p346).

given state form, a given form of regime, will be more accessible to some forces than others according to the strategies they adopt to gain state power. And it will be more suited to the pursuit of some types of economic or political strategy than others because of the modes of intervention and resources which characterise that system (ibid:10).

Thus, the *form* of the state has significant effects on, and is central to understanding, the entire political process - from the structure of states and the exercise of state power through to the constitution of political interests and the strategies they adopt towards the state .

State bias is not an original concept in Marxist theorising. As Jessop notes, it was evident in the work of Marx himself as well as in other Marxist theorising of the state as an epiphenomenon of the economic organisation of society and as the instrument of class rule. In these formulations, the state was seen as inherently biased towards the needs and interests of capital. Jessop's use of strategic selectivity, however, is not underpinned by the assumption that the inherent bias of the state is necessarily beneficial to capitalism and the interests of capitalists, and must therefore irresistibly favour forces acting in the interest of capital or fractions thereof. Indeed, Jessop's conceptualisation of the state and of state projects does not allude to any particular or pre-given bias of the state at all. Rather, the state is theorised, following Gramsci, as:

a strategically selective terrain which can never be neutral among all social forces and political projects; but any bias is always tendential and can be undermined or reinforced by appropriate strategies. For, within the strategically selective limits established by state structures and operating procedures, the outcome of state power also depends on the changing balance of forces engaged in political action both within and beyond the state (ibid:353).

Thus, the question of precisely *which* forces may prevail in their attempts to influence the exercise of state power is not pre-determined, but can only be established empirically: it can only be answered by reference to a particular state at a particular historical conjuncture and through the outcomes of state policies.

Strategic selectivity is not a structural characteristic of the state as a set or cluster of institutions. Rather, it is a feature of the *relation* between state structures and the strategies adopted by various groups towards it. The basis of this concept is to be found in the view of the state as a social relation, that is, a 'form-determined condensation of the balance of forces' acting in and through it (1990:269). Selectivity is the outcome of the dialectic relationship between structure and strategy: past strategies adopted by various forces towards the state, to either maintain it or transform it, shapes the form of the state which, in turn, shapes the form of future strategies adopted towards it.

Researching the State: a Six-Dimensional Approach

Any adequate analysis of the state, however, must progress beyond definitional statements about what a state is. In order to analyse it adequately, we need to examine factors both within and outside states which impinge upon their form and operation. To this end, Jessop suggests two analytical approaches. The first is a three-level analysis of the state focusing on, firstly, its broader societal context and 'basic institutional separation from the rest of society'; secondly, its institutional structure and modes of operating; and finally, the nature of the political struggles conducted in and around it (1990:343-4). In conjunction with this framework, Jessop suggests the application of a 'conceptual hierarchy' of state development proceeding from the abstract concept of statehood itself down to more specific types of political organisation, both 'normal and exceptional', to generate a typology of state forms. In so doing, states can be understood within a global political, as well as within their specific nation-state, context.

As an alternative to this approach, Jessop suggests a six-dimensional conceptual framework which allows an analysis of both the formal or institutional aspects of a specific state as well as its behavioural or strategic aspects. Described as a 'short circuit' of the first approach, the latter narrows the context within which states can be understood by dispensing with the level of analysis in the first approach relating to social formation, but with an attendant loss of comprehensiveness. However, as Jessop notes, not all analyses need to be quite so ambitious that an appreciation of a state in a global-political sense is required. In these instances the latter approach, which focuses on the institutional structure, modes of operation and political struggle in and around

states within national-specific contexts, although not exhaustive, does provide an 'initial framework for analysing different aspects of the state' capable of producing 'more or less complex descriptions of particular states and their strategic selectivities' (Jessop 1990:346).

Jessop identifies three institutional or organisational dimensions of states that need to be investigated: forms of representation, forms of articulation and forms of intervention. He also identifies three behavioural or *strategic* dimensions, that is, those factors that relate to the operation of the state, and to the political forces acting within and through it: the social bases of state power, state projects and hegemonic projects (Table I):

Table I: Six-Dimensional Conceptual Framework
(From Jessop 1990, Chapters 5, 7 and 12)

Institutional/Organisational	Strategic/Behavioural
<i>Mode of Representation:</i> means by which interests are represented at the level of the state or state agencies	<i>Social Bases of Support:</i> political forces within and around the state
<i>Forms of Articulation:</i> internal organisation of state agencies	<i>State Project:</i> practices that endow the state with internal unity
<i>Forms of Intervention:</i> through which activity of the state is enabled or constrained	<i>Hegemonic Project:</i> broader objectives around which the exercise of state power is centred

Representation, Articulation and Intervention

The institutional aspects of the state that require investigation are relatively straightforward. According to Jessop (1990:118), the state is an:

institutional complex of forms of representation and intervention.... [which] can be distinguished in terms of the differential articulation of political representation and intervention.

Thus to understand a state, we need to examine the ways in which interests are represented both within and outside it, how those interests are filtered, modified and shaped by the strategic selectivity of the state (or different institutional clusters), and the various ways in which the state can intervene (or not) in response to those interests. When examining modes of interest representation, various types of representational regimes - for example, corporatism, parliamentarism or what Jessop describes as tripartism, a hybrid of corporatism and parliamentarism - are particularly relevant, as are the roles played by political parties, social movements and state personnel - both elected and employed. The form of representational regime will have an effect on the ways in which interests are articulated. Modes of representation, as Jessop points out, are often treated as 'neutral transmission belts of objective pre-given interests which simply relay those interests into a different field of action' (ibid:160), in this case, the state. However, as will be discussed later, interests are not pre-given nor are modes of representation neutral. The strategic selectivity of the state ensemble, that is the crystallisation within the state form of past strategies towards it and struggles fought within it, has a differential impact on the articulation of interests in terms of which interests and strategies are recognised by the state as legitimate.

In addition to this, the internal organisation of the state 'expressed through the distribution of powers among different parts of the state system' (1990:345), (which Jessop terms its 'articulation' as an institutional ensemble) also plays an important role. Further to the existence of 'states within the state', the various branches/constellations of agencies have different institutional 'capacities and liabilities' (ibid:270) and, thus, will have a differential effect on the exercise of state power - state power being the 'power of the forces acting in and through the state'. While such forces include class interests constituted either partially or wholly outside the state, as well as others such as gender or regional interests for example, Jessop includes officials and managers *within* the state as a key group having significant effects and interests of their own.

The final institutional dimension of the state that needs to be examined is the variety of forms of intervention available to a state. To this could also be added, in light of using this framework in relation

to a neo-Liberal education state, the non-intervention or withdrawal of the state from particular sectors. In a similar fashion to modes of interest representation, different forms of intervention (or non-intervention) will have a differential impact on the strategies that can be pursued towards the state. The institutional structures of a state can constrain or enable intervention, by making certain interventions possible, others impossible, and others unable to be articulated within particular state or hegemonic projects.

Social Bases of State Power, State Projects and Hegemonic Projects

These three dimensions of Jessop's theoretical framework refer to behavioural or *strategic* aspects of the state - its mode(s) of operation and the political forces which act in and around the state. Along with the examination of particular policies pursued by a state, other factors which also impinge upon the action (as opposed to the structure) of the state need to be considered. The first dimension concerns the social bases upon which support for, or resistance to, the exercise of state power rests. As the reflection of a particular configuration of social forces acting in and through the state, state power is exercised with the support or opposition of particular social forces. As Jessop (1990:346) notes:

particular states comprise the material condensation (or institutional embodiment) of particular social compromises. Thus each state or regime can be related to a social base (or bases) which provide its stable core of support and comprise in turn its principal beneficiaries.

In short, those social forces which endorse or oppose the state system, its *modus operandi* and objectives need to be identified in order to understand the bases of strategies within and around the state.

Support for, or resistance to, the state can only be meaningfully understood with reference to particular sets of aims and objectives. Thus the second dimension, state projects, is concerned with an examination of those 'state practices and projects which define the boundaries of the state system and endow it with a degree of internal unity' (1990:346). In other words, the ways in which a state system, as an institutional ensemble with no inherent unity or stability,

constitutes its unity politically through particular modes of operation or underlying guiding principles. For example, the neo-Liberal agenda pursued by states can be viewed as a state project, and also as a hegemonic project.

The dimension relating to hegemonic projects is concerned with examining the nature of the broader objectives around which the exercise of state power is centred (1990:161), and the means by which support is generated for particular state projects in the name of 'the general interest'. As Jessop notes, the 'general interest' is essentially a fiction, as is the community whose interests it is supposed to represent. What is promoted and advanced by the state as in the 'general interest', is, in fact (due to strategic selectivity) the *particular* interest of a hegemonic group/alliance. Hence, the hegemonic project of the state is the mobilisation of support for a particular course of action on the basis of 'general interest' when, in practice, the outcome is the advancement of the particular interests of a hegemonic group (ibid).

Researching the Education State in New Zealand

Jessop's strategic-theoretical approach to understanding states, as well as the research strategy outlined above, is clearly aimed at a theoretical understanding of states in their entirety - as complex, multi-faceted entities operating in both national-specific as well as geo-political contexts. As such, the question is begged whether or not this theoretical approach is equally applicable to a specific set of events within a particular state formation; that is, can the analytical categories outlined above aid an investigation of the formation of the Schools Consultative Group (SCG) in the education sector in New Zealand in 1992? The answer is 'yes', with some minor modifications. Indeed, it could be argued that Jessop's approach is pertinent *only* when applied to identifiable clusters of institutions or agencies within the ensemble commonly labelled 'the state'. Given his definition of states as having multiple boundaries, no institutional fixity and no pre-given formal or substantive unity, they are unable to be apprehended in their entirety because what constitutes that entirety is too diffuse. Thus, at the level of entire state formations, the theoretical focus for Jessop's approach remains indeterminate.

To adapt Jessop's approach to an examination of a specific political event involves some 'miniaturisation' of focus, particularly in the dimensions relating to modes of interest representation and the social bases of state support. Central to this miniaturisation is the notion of 'states within the state'. While Jessop is particularly guilty of not clearly elucidating what is intended by some of his most central concepts, 'states within the state' is taken to indicate, following Pusey (1991), the existence of institutional clusters within a state formation, differentiated according to function and which are organised, both internally and in relation to other institutional clusters, in particular ways, and shaped by the particular forces/interests that confront them. In this way what is commonly referred to as the 'education state' can be viewed as that set of state institutions and/or agencies involved in the provision of 'state' education and can be taken as the analytical focus of Jessop's six-dimensional approach. Thus, both the institutional and the strategic aspects of the state, how particular parts of the state are organised and how they operate, can all be contextualised within an educational framework, albeit with a more specific focus in relation to both the representation of interests and intervention in the education state, as well the bases of support or opposition to the state within education.

Such an approach can be utilised in an examination of the formation of the SCG by showing how a crisis within the institutional form of the state, that is in the organisation of the state as neo-Liberal, created a political crisis for the strategic operation of the state. The expulsion of interests from the education state created a crisis of support for the neo-Liberal hegemonic project, necessitating a different kind of strategy at the levels of interest representation and intervention. The failure of government attempts to 'mainstream' the education state, that is 'to remove from it any special treatment that may be argued for on the basis of special needs' (Dale and Jesson 1992:13), underpinned by the specific concerns of the State Services Commission to exorcise provider capture, ultimately required the adoption of a political strategy in the form of the SCG that appeared specifically precluded by the ideological assumptions of the broader neo-Liberal regime. A key question that remains to be answered, thus, is whether or not the strategy represented a retreat to the more corporatist-style relationship between

interest groups and the state that had prevailed in the education sector prior to the shift to a neo-Liberal state form during the 1980s.

Jessop's conceptual framework offers a non-determinist methodology for understanding state forms, broadly construed. The second part of this chapter outlines the model of corporatism that, in conjunction with Jessop's six-dimensional approach to the state, will be used in the later analysis of the SCG. As a particular mode of articulation between state and non-state groups within civil society, and as a form of *strategic selectivity*, corporatism embodies a distinctive configuration of interest representation and state intervention. As such, corporatist concepts can be utilised within Jessop's institutional dimensions of the state - or, in this particular instance, the collection of agencies that constitute the education state. Before outlining a model of corporatism, however, two important issues concerning its utility need to be addressed. The first is the relevance of corporatism to an analysis of the education state as a social policy sector; the second, arising from the first, is the capacity of teachers' professional associations to act as corporatist bodies.

Corporatism and Social Policy

While the entire corpus of corporatist literature (both theoretical and empirical) is quite extensive, the area of social policy generally has been somewhat neglected. As even a cursory examination of the literature indicates, theorists are concerned almost exclusively with the manifestation of corporatist relationships between the state and peak associations of labour and capital at the level of macro-economic policy. The most notable exceptions to this are Cawson's (1982) study, *Corporatism and Welfare*, and Harrison's (1984) edited collection, *Corporatism and the Welfare State*. Such studies, however, represent a very small part of the corporatist arena of interest.

The restriction of corporatism to analyses of macro-economic policy can be explained, in part, by the nature of the dependency relationship between the state and economy. According to Williamson (1989:169), corporatism is of most relevance as a model of state-interest group relations in situations 'where the state cannot intervene by means of authoritative regulation and allocation'. Because the economy is essentially the realm of private producers, the state cannot intervene

directly or unilaterally without risking a loss of political legitimacy or the support of economic interests. Subsequently, corporatist analysis has focused largely on industrial relationships between the state, employers and trade unions. In the more overtly political realm of social policy, or in relation to the often disaggregated interests of consumers, the nature of state relationships are perceived to be qualitatively different, and therefore less amenable to corporatist analysis.

The economic focus of corporatism is also maintained through the availability of structural variables able to be quantified. In this regard, Henley and Tsakalotos' (1993) *Corporatism and Economic Performance* is a good example. Indicators such as economic performance, centralisation of wage bargaining systems, rates of inflation and unemployment represent the quantifiable face of corporatism. Correlations between such indicators and characteristics of the political systems of a variety of nation states are used to establish the 'degree' of corporatism, although there is no agreement on what indicators are crucial or what structural features need to be present or absent. When applying corporatist theory to the area of social welfare, however, there is an attendant problem in identifying prerequisite *political* factors for the emergence of corporatist relations. In short, economic relationships are 'quantifiable', and thus amenable to analysis, in ways the political realm is not.

An alternative explanation of the profusion of economic analyses centres around one of the major inadequacies of corporatist theorising: consideration of the role of the state. As already mentioned, the treatment of the state in corporatist theorising is, at the very least, underdeveloped. Somewhat less charitably perhaps, the inadequacy of the theorising of this most integral component of the corporatist model poses the greatest threat to the overall viability of the theory. Having placed the state in centre stage, corporatist theorists have yet to develop a robust theoretical account of its action. Within economic corporatist theorising, particularly those models reflecting more Marxist antecedents, it is frequently suggested that the underlying motivation for states to enter into corporatist arrangements is because it enables the reconciliation of potentially conflicting short-term interests of individual producers with the longer term systemic

interests of the economy. While there are many shortcomings to this particular interpretation of corporatism, it does provide an adequate starting point for debate and theoretical development. However, the somewhat economistic nature of these attempts at theorising the state does not permit a substantive analysis of the state's operation in the realm of social policy. Within social policy, the particular interests advanced or protected by corporatist relationships have proved more difficult to discern.

As has already been suggested, this particular deficit can be countered through the utilisation of a more effective state theory as a supplementary framework in which to situate the corporatist model. In fact, it can be quite cogently argued that this is the most productive way in which corporatism can be used: as an adjunct to a larger political theory. While corporatist theorists appear to agree only on the underdeveloped nature of the theorisation of the state within the model, there is a sense in which this is a rather unfair criticism. Corporatist theory is an attempt to understand a particular kind of relationship that develops between the state and organised interest groups. It is not a macro-theory of a total political system, nor a theorisation of all possible types of state-group relations. Rather, it most usefully operates as a middle-range theory that attempts to explain a particular mode of articulation between parts of a total system. Thus, the expectation that corporatism, if the middle-range purview is accepted, can be raised to a systemic level of analysis is not only unrealistic, but incorporates within the model a theoretical inconsistency and tension that militates against the utility of the theory as a whole.

The Professions as Corporatist Bodies

The difficulties of using corporatism in the study of social policy notwithstanding, there are some very clear parallels between economic producer groups and producers involved in the delivery of welfare services - the key group being professionals. Indeed, Williamson (1989) has suggested that professional associations, on a number of dimensions, appear to be ideal corporatist bodies. In the earlier outline of the corporatist model, it was noted that organised interests typically engaged in corporatist arrangements with the state share a number of key features such as monopoly representation, closure around a

particular area of expertise or skill instead of a particular sector of production, hierarchical organisation and are frequently self-regulating, for example the Medical Council and Law Society.

Professional associations clearly compare favourably to producer groups in this regard, and thus meet some of the prerequisites for the establishment of corporatist structures between them and the state. Such similarities aside, however, the application of corporatist theory to relationships between professional groups and the state raises two crucial issues that may compromise the relevance of the model. The first issue is the location of professionals within the state as employees; the second concerns the role of ideology in legitimating professional groups' involvement in policy development and implementation. As already mentioned, the nature of the dependency relationship between welfare producer groups and the state is considered to be different to that between the state and economic producer groups. Frequently (but not always) in social policy areas, for example education and health, professionals are employed by the state. The existence of a contract of employment would appear to allow the state a power over professionals as employees that it does not enjoy over private actors in the economic sector. Hence there may be little need for the state to enter into bargained or negotiated agreements with professional groups over whom it has an ultimate veto for non-compliance with its goals or interests in the form of sacking, redundancy or some other censure of its employees. In addition, employment within the state also legitimates the input professionals have into the process of policy formulation. Consequently the relevance of the corporatist model of state-interest group relationships to professional groups within the state may be questioned. However, while teachers are state employees, given their importance to the successful achievement of various government policies in the education sector, it is highly unlikely that such an authoritarian approach would be taken. Indeed, collectively speaking, the state needs teachers, and is thus required to allow a considerable degree of professional autonomy.

The issue of the employment of professionals within the state also raises the question of whether it is theoretically sustainable to suggest that corporatist structures can emerge between different branches of the state. Professional groups considered as state employees would imply

some convergence of interests between them and the wider interests of the state, again making the notion of a corporatist-type negotiated agreement a little redundant.

The second issue is the legitimacy of professional group involvement in policy development and implementation. Given the ideology of professionalism - the possession of specialised theoretical knowledge and expertise and a 'public-regarding' as opposed to self-interested *modus operandi*, - the inclusion of professionals in the policy process can hardly be considered extraordinary nor particularly interesting from a corporatist perspective. Involvement with the state in the development of policy and participation in the delivery of such policy can all be legitimated on the grounds of professional expertise. However, as is being argued, it was the specific exclusion of 'professional expertise' as provider capture that contributed centrally to the formation of the Schools Consultative Group. Clearly, the involvement of professional groups in policy development and implementation is politically determined and, thus, can form the basis of a corporatist relationship.

For a corporatist relationship to develop between the state and professional associations, a significant *divergence* of interest needs to exist. There are three possible ways this can be done. As Walsh (1987) and Williamson (1989) have argued, a case can be made for viewing professional employees within the state as internal organised interests based largely around the issue of professional autonomy. The key feature that separates professionals within the state from other employees is the concept of professional autonomy, in which individual professionals claim 'the right to determine the type and forms, and to some extent scale, of the [welfare] service provided to individual clients' (Williamson 1989:172). As Williamson points out, while professionals are formally part of the state system, their initial allegiance lies with the profession and with the defence of its autonomy and its domain of expertise. In relation to corporatist theorising, the ethos of professionalism may represent the necessary divergence of interest that outweighs any shared interest that may proceed from the profession being positioned as employees within the state.

The second way in which a divergence of interest may be established is to distinguish between 'the influence of *professionals* and the influence of the *profession*' (ibid:179; emphasis in original). In other words, a distinction needs to be drawn between representation on behalf of colleagues and representation of the profession. This is a problematic distinction to make, however, as it is often argued that what is good for the professionals is good for the profession. The difficulty of this distinction is exemplified by the teacher unions in New Zealand. They perform both functions simultaneously, although to different degrees. They are at the same time professional associations and unions - they represent their own interests and the interest of the profession as a whole. However, there is some debate over whether teachers are professionals, sharing the characteristics of other professional groups for example doctors or lawyers, or are 'semi-professionals'. An important characteristic of corporatist bodies is the capacity for self-regulation, and is a trait that teachers appear to lack. They are (or were) publicly regulated by the state, not by their own associations.

Both of these options examine the possibility of conflicting interests existing between the state and professionals from the perspective of the professions. A third, and perhaps more obvious divergence of interest between the state and professional interest groups in New Zealand has occurred through the neo-Liberal restructuring of the education system. The programme of restructuring changed the political context of education almost overnight, and was, without doubt, responsible for a severe dislocation of interests between what had previously been a social-democratic state with social democratic teachers, who had an ideal of professional autonomy recognised by the state. The expulsion of teachers as professionals from the political arena on the grounds of 'provider capture', the drive to make teachers 'more accountable' to both the government and the consumer and the reordering of the industrial relations environment in education to parallel the private sector clearly posed a threat to both professionalism and autonomy. In Chapter IV, the process of state and education restructuring will be outlined in further detail.

The Prerequisites of Corporatism

As noted in the discussion of the development of corporatism in Chapter II, there are a variety of competing views concerning what constitutes an appropriate model of corporatism and at which theoretical level - macro, meso or micro - corporatist analysis can be most usefully employed. The origin of this confusion, according to Jordan and Richardson (1987:105), can be found in the 'overdramatic claims for novelty' made by the 'mainspring of the corporatist attack', Philippe Schmitter. In claiming corporatism as a distinctive paradigmatic alternative to the orthodox pluralism of political science, Schmitter created 'a divisive debate where none need have existed' (ibid:95). In the face of the attack that greeted his now famous definition in 1974, particularly but not exclusively from pluralists, Schmitter retreated significantly from his initial position; to the point where he was moved to concede that corporatism and pluralism actually *shared* a number of basic assumptions (Schmitter 1979). In so doing, however, corporatism was exposed even further to the criticism that it was simply a variant of pluralism⁴. As a consequence, the ground on which the theoretical debate has taken place has become more uncertain - both externally in terms of adequately delineating the boundaries between corporatism and pluralism, as well as internally concerning what does or does not constitute corporatism.

While it is certainly true that the progressive dilution and redefinition of corporatist concepts has resulted in a body of literature described even by sympathetic observers as 'indigestible' and whose utility is still open to serious question, corporatism is scarcely alone in this regard. Indeed, it could be argued the amount of debate generated reflects the degree to which corporatism has, in fact, found a legitimate target. However, the main point to be stressed here is that, despite the noise levels reached by critics and advocates alike, corporatist theory *does*

⁴Initially Schmitter was accused of providing a model of state-interest group relations that, while theoretically different from pluralism, did not cohere readily with the empirical reality it sought to explain. There was confusion over whether the model was intended to describe real political systems or prescribe an ideal-type of state-interest group relations. As well, the characteristics of corporatist relationships included in the model were criticised for being both arbitrary and difficult to operationalise. Schmitter subsequently compounded the confusion by progressively retreating from his claims of novelty for corporatism by using corporatism more as an ideal-type categorisation. The identification of corporatism changed from a question of presence or absence to a question of degree.

have a novel contribution to make to the analysis of state-interest group relationships, although perhaps not quite to the extent Schmitter had originally envisaged. While the process of theory construction is far from complete, at its present level of development corporatism contains a number of useful insights regarding both the structural and non-structural conditions under which corporatist relationships between the state and organised interest groups may emerge.

The structural determinants of corporatism have received a great deal of attention in corporatist writing. Yet, as Bull (1992:266) points out, to get to the heart of the corporatist process, to go beyond simply describing institutional characteristics and to account for what is distinctive about corporatist relationships, an effective theoretical model 'must not only explain the organisational nature of different actors but also their *behaviour*' (emphasis in original). Thus, the model of corporatism outlined below, based upon the work of Cawson (1986) and Bull (1992), will focus not only on its structural preconditions, that is, the nature of the participants in corporatist arrangements, but also on the nature of the relationship between the participants.

Corporatism is an ideal-typical account of one form of articulation between the state and/or its agencies and organised interest groups within civil society. It is a mechanism through which the particular interests of civil society may be mediated with the putative 'universal' interests of the state (Jessop 1990) and, as such, represents one form of what Jessop has described as the strategic selectivity of the state. It is, as Cawson (1986) observes, a middle-range, 'partial theory of politics', most usefully supplemented by more robust political and/or social theories. Although a middle-range theory, corporatist relationships can be located at different levels of the socio-political structure (Table II), and may be bipartite or tripartite in form.

Table II: Varieties of corporatism
(from Cawson 1986:79)

Type of Corporatism	Organisational Actor(s)	Levels of State Institutions
Sectoral/Tripartite Macro-corporatism	Peak Associations e.g Trade Unions	Cabinet
Sectoral, Meso-corporatism	Interest Groups	State/Regional Agencies
Micro-corporatism	Individual Firms	State/Regional Agencies

The confusion surrounding corporatist theory and its empirical application have been described by one author as resembling 'holiday-makers facing a grey and uninviting sea' - the debate has reached such baffling proportions that most are left 'anxiously wondering whether or not to take the plunge' (Weal 1986, in Bull 1992:257). The main source of this confusion lies in the debate over whether corporatism most usefully describes a novel form of interest representation, the most frequently utilised definition of this version being Schmitter (1974), or whether it is a distinctive mode of state intervention or policy making, for example Scholten's (1987) edited collection. In addition to this internal debate, the continued use of Schmitter's two variants of corporatism, state and societal, have both been the subject of substantial critique from pluralists - that societal corporatism is, in fact, no different from pluralism, and state corporatism, (which, for Cox (1988a) is the only version of the theory that is useful, given that it focuses on the indispensable variable of state power), resembles authoritarian forms of corporatism far too closely and is, thus, indistinguishable from fascism.

Cawson's (1986:39) definition, however, attempts to overcome the divide within corporatism as either interest representation or intervention by combining both positions. He also attempts to respond

to the challenges of pluralism by identifying as a determinant of corporatism a necessary concentration of interests within civil society that appears to preclude any association with authoritarian state forms:

Corporatism is a specific socio-political process in which organisations representing monopolistic functional interests engage in political exchange with state agencies over public policy outputs which involves those organisations in a role which combines interest representation and policy implementation through delegated self-enforcement.

While Cawson's definition of corporatism, as Bull (1992:263) observes, 'appears to be the most concise so far', in attempting to free corporatism from its fascist and authoritarian associations, he neglects a crucial determinant in the emergence of corporatist relationships - that is, the power of the state. While drawing a distinction between a state that is strong enough to resist colonisation by the interests it engages with, yet is not sufficiently strong to act without the co-operation of those groups is problematic, the role of the state cannot be ignored. In the rest of this chapter, the prerequisites of corporatism as suggested by both Cawson and Bull - the concentration of political interests, the nature and power of the state and the concept of political exchange - will be considered in more detail.

The Concentration of Political Interests

Corporatist arrangements emerge in situations where, within civil society, there exists a monopoly of interest representation, or, as Cawson (1986) describes, a *concentration* of political interest - a situation analogous to the economic tendency to oligopoly between market competitors. Contrary to pluralist accounts of interest group politics, which posit the existence of multiple, voluntary groups competing for political influence within a neutral state framework, corporatist relationships emerge between the state and/or its agencies and interest groups characterised as compulsory and non-competitive monopolies. The form of organised interests that engage in corporatist arrangements with a state or state agencies is necessarily monopolistic, compulsory and non-competitive in order to bring into the relationship all possible producers: to ensure that 'exit' is not an option for members, to ensure that other organised groups cannot claim to

represent the same interests (thereby ensuring that the state is dealing with the only possible representative group), and to ensure compliance across a whole sector of production to agreements struck.

According to Jessop (1990), however, the concentration of interests within civil society are, in part, shaped by the selectivity of the institutional ensemble of the state and/or state agencies with which they may engage. Although not wholly determined by the state or its agencies, political interests are not 'fully determined elsewhere in society' either (ibid:149). They are a response to the differential effect of the state on organised interests. Thus, strategic selectivity shapes not only the form of the state as an institutional ensemble, but the interests or political forces that contest the exercise of power on the terrain of the state, as well as the strategies those forces may adopt towards the state and/or its agencies.

The Nature of the State and of State Power

Cawson (1986) identifies a significant structural determinant of corporatism with the concentration of political interests. Yet Bull (1992) also argues for consideration of the state and state power as important structural prerequisites - a position entirely consistent with Jessop's location of state selectivity at the centre of any understanding of the political process. Cawson's downplaying of the role of the state as a determinant of corporatist relations is understandable when viewed in light of theoretical attempts to distinguish corporatism in Liberal Western democracies from its fascist, authoritarian-state variations. However, states or state agencies, as central participants in corporatist arrangements, and state power are indispensable structural variables for the emergence of corporatist relationships. Cawson's argument that corporatism is the result of an autonomous development of monopoly interests to which states merely respond is difficult to defend from the charge that it is not sufficiently different from pluralism. To accede to the state an active role in the formation of corporatism, that such arrangements are brought into existence by state fiat, opens this position up to the criticism that the putative 'societal' corporatism of Western democracies is, in fact, indistinguishable from its 'state' corporatist variant. With Cawson, it would seem, the corporatist dilemma over the role of the state is perpetuated.

According to Bull (1992), the ambiguity surrounding the role of the state can only be resolved by utilising *both* the variables of state power and concentration of interests in a four-fold typology of state-group relations from which the conditions under which various forms of state-group relations can be adduced, and which, thus, replaces Cawson's notion of a pluralist-corporatist continuum (Table III).

Table III: Typology of State-Group Relations
(from Bull 1992:265)

State/ Agency Power	Concentration of Interests	
	High	Low
Strong	Corporatism	State Rule
Weak	Rule by Private Interests	Pluralism

In this typology of political relationships, however, Bull does not elaborate on what constitutes 'strong' or 'weak' state power. Nor does he attempt to define what interests states or state agencies pursue through such relationships. Although attempting to 'bring the state back in' to corporatist theory, he, too, is guilty of perpetuating the somewhat simplistic corporatist conceptualisations of the state as a unified and monolithic organisation. According to Jessop (1990), the classification of states as either weak or strong, or as monolithic and unified, is fundamentally misleading. state strength or weakness, that is, the *power* of the state, is not an inscribed characteristic of states or state agencies, but the *outcome* of the balance of political forces operating on the strategically selective terrain of the institutional ensemble that constitutes 'the' state. Thus, it is the outcome of *strategies* within and towards the state that may be termed strong or weak. State power does not exist, and cannot be considered, abstracted or isolated from particular forces adopting specific strategies towards the exercise of state power at any given conjuncture.

Contrary to Bull's view of states as monolithic and unified, their *internal* organisation, that is the articulation of states as institutional ensembles, has a significant effect on the exercise of state power. The organisation of 'states within the state', that is, particular constellations of state agencies such as the education state, may possess differing capacities to effect the exercise of state power. Thus, the distribution of 'power' throughout the state, or the ability to influence its exercise, will be variable. Moreover, the differential distribution of 'power' throughout the complex of the state cannot be considered in isolation from the 'strength' or 'weakness' of the political interests in and around the state that clusters of state agencies may confront. Contrary to Bull's conceptualisation of the state, then, strength or weakness cannot be simply postulated, it must be demonstrated with reference to particular parts of the state ensemble and specific political interests. Nor can 'strength' or 'weakness' be characteristic of states in their entirety because the capacity to influence the exercise of power may be distributed unequally throughout the entire state complex. Thus, both 'state power' and the potential differential capacities within states to influence the exercise of it are factors requiring empirical elucidation.

Political Exchange

The structural determinants of corporatism are a necessary, but by themselves, insufficient prerequisite for the emergence of corporatist arrangements. By confining the determining features of corporatism to structural factors alone, all relationships between the state and monopoly interest groups could, potentially, be classified as corporatist. What helps to distinguish corporatism from other forms of articulation, however, is the concept of political exchange, a process or strategic factor which attempts to explain *why* actors engage in corporatist relationships (Bull 1992).

Political exchange, according to Bull (1992:263), can be defined as:

...a relationship entered into by the state and interest groups in which the state gives up part of its decision-making authority to interest groups in exchange for those groups guaranteeing their members' adherence to the decisions reached.

The 'activation' of political exchange, and thus corporatist relationships, can be explained by reference to rational choice theory. Contrary to Cawson's conceptualisation, the state is not 'pushed' into such an arrangement in an involuntary manner by the autonomous concentration of political interests within civil society, nor does the state impose corporatist arrangements upon unwilling interest groups. Rather, political exchange is viewed by both interest groups and the state as 'the current best means to achieve [their] goals compared with the existing alternatives of action' (Heath 1976, in Bull 1992:268). As Bull points out, the willingness of actors to engage in political exchange may simply be 'the result of a mutual change in the means to obtain unchanged goals' (ibid:269). In short, and contrary to much corporatist theorising, corporatist relationships are a means to an end which does not necessarily imply a convergence of views between the participants over the *desirability* of those ends or, indeed, imply a change in the ends to be reached.

Clearly, under a rational choice explanation, for all participants the gains to be secured from such arrangements must outweigh the losses. While participants lose in terms of autonomy of operation, the direct gains, according to Bull (1992:269), are those:

...which relate to the goods embodied in the political exchange relationship: for the interest groups, preferential access to the decision-making process with an increased ability to affect market outcomes and protect their monopoly status; for the state, increased effectiveness in the implementation of its policies and greater legitimacy accorded to its actions.

Furthermore, for the state, an indirect gain exists through:

...the creation of 'insider' groups, giving them influence over decision-making for political purposes and excluding other groups; or it may benefit from co-opting groups into decision-making procedures and giving the leaders the illusion of having influence as a means of social control (ibid).

Clearly the question of the goals and interests of the participants engaged in political exchange are empirical, with the successful achievement thereof determined by specific political, economic and cultural conditions as well as by the extent to which structural conditions for corporatism exist: that interest groups exhibit a high degree of political concentration and that the state possesses sufficient coherence and power (ibid).

Although political exchange is central to Cawson's (1986) conceptualisation of corporatism, it remains underdeveloped. As Bull (1992) notes, political exchange implies at least two active partners, a condition untenable within Cawson's corporatist framework given that he does not acknowledge the state as a determinate structural variable. Moreover, Cawson's view of exchange is 'static'; it is an event activated by the concentration of political interests within civil society which 'pushes' the state and monopoly interest groups into engagement in a collusive, collaborative and mutually beneficial relationship (Bull 1992:266-67).

There is nothing about political exchange, however, that dictates the process is necessarily a co-operative one. Indeed, as Bull notes, a much more dynamic approach to political exchange takes into account the possibility that *conflict* may underlie the process of exchange - a significant departure from the characterisation of corporatist relationships as co-operative and consensual. Yet, it could also be argued that Bull takes a similarly 'static' approach to the state which limits the extent to which political exchange can illuminate the corporatist process. While postulating a conflictual basis for the emergence of corporatist arrangements, his conceptualisation of a monolithic state provides a rather 'blunt' instrument with which to interrogate the bases of that conflict.

For Jessop (1990), the process of political exchange is inherently conflictual. Because the terrain of states or constellations of state agencies are strategically selective, that is, more open to some interests over others depending on the strategies adopted by particular forces towards the exercise of state power (including interests and strategies constituted *within* the state by particular state officials), political exchange is fundamentally and necessarily a struggle over *power* - a

struggle between competing interests and strategies to influence the exercise of state power. As such, political exchange can only usefully demonstrate what is distinctive about corporatist arrangements when used in a state-theoretical context which permits a more complex understanding of the nature of state power and which identifies empirically the political forces engaged in exchange and the strategies to be pursued through it.

Conclusion

As an antidote to the 'grand' state theorising characteristic of the contemporary Marxist approaches outlined in Chapter I, in which causative variables are predetermined and explanations of events located at the level of entire state systems, Jessop's strategic-relational approach, together with the model of corporatism outlined above, provides a meso-level, empirically testable framework of concepts with which to investigate the emergence of the SCG. It identifies a broad range of institutional and strategic factors to be examined, and demonstrated empirically, in relation to the education state, as well as structural and behavioural factors in relation to the prerequisites for corporatism. This framework will be utilised in the following chapters, but principally in Chapter IX, to explain the political context created by the specific configuration of institutional factors and political forces operating within the education state in New Zealand. Before examining the SCG in any depth, however, Chapter IV provides an historical outline of the transformation of the role of the state in New Zealand, and examines how the political terrain of the state was restructured to the extent that the formation of a body like the SCG, as a mechanism for the management of crisis in education, became necessary.

CHAPTER IV - RESTRUCTURING THE STATE

As Roper (1993) noted in a chapter appropriately entitled 'The End of the Golden Weather', 1974 was a significant year in New Zealand's economic history. To economic history, with the benefit of two decades hindsight, could now be added political and social history. The global economic crisis of the early 1970s was significant not only because it marked the end of an era of extraordinary growth and productivity, but because it also marked the beginning of the end of a history of political activism initiated by the nineteenth century colonial state in New Zealand. While over the twentieth century programmes of state intervention advanced, stagnated and occasionally retreated, in response mainly to economic crises and the subsequent social unrest, the massive restructuring programme embarked upon in the 1980s effectively ensured that the forms of intervention able to be undertaken by future governments would be fundamentally different from before. It is one of the ironies of history that the political party that championed the cause of state intervention during the 1930s, through its commitment to social democracy and equity while in government, was to preside over some of the most profoundly undemocratic and inequitable changes to the economic, political and social structures of the country. This chapter maps out, albeit in a somewhat abridged manner, the processes by which the role of the state was transformed in New Zealand.

Development of the Keynesian Welfare State

With the abolition of the provinces in 1876, the political system in New Zealand was characterised by a pattern of highly centralised governmental interventionism (McKinlay 1990). Running counter to the prevailing laissez-faire ideology of the nineteenth century, central government intervention in the economy was largely a pragmatic necessity for the development of the colony. Driven by growing migration, the provision of many of the requirements of the colony were regarded as being beyond the capacity of provincial governments to provide on one hand, and as simply unattractive propositions to the private sector on the other: the former being unable, the latter unwilling, to attract and invest the substantial financial resources necessary for national development. In order to attract both settlers

and investment, central government was given little option but to assume the burden of infrastructural development itself.

The vacuum created by the demise of the provinces in 1876 reinforced a pattern of strong central government organisation and encouraged an expectation and acceptance of the view that central government had a legitimate interventionary role in order to facilitate outcomes beneficial to society as a whole (ibid). While state intervention in the nineteenth century context was concerned largely with the provision of a physical and commercial infrastructure - as Oliver (1988) notes, the state at this time was the agency of settlement, not welfare¹ - the colonial legacy of political interventionism served as the foundation for a future state structure in which power and the provision of welfare services would become more highly centralised than in most other countries.

While extensive labour legislation had been enacted and provision made for a means-tested pension by the end of the nineteenth century², during the early part of the twentieth century up to 1936 there was very little welfare innovation (Rudd 1993). Indeed, as Rudd (1993:227) notes, 'on the eve of the election of the first Labour government in 1935, the New Zealand welfare state was not a particularly impressive edifice'. While a one or two of the few benefits available were universal, the welfare state as it existed at this time was a residual and punitive one. Distinctions were made between deserving and undeserving poor for some benefits, and the impoverishment of the unemployed frequently considered the result of moral turpitude or laziness. For example, in the early 1930s, in order to avoid what he saw as the 'demoralising' influence of financial aid inherent in the British dole system, Prime Minister Forbes, operating on the principle of 'no pay without work', forced thousands of unemployed men into pointless relief work for lamentable rates of pay (Sinclair 1991).

¹ While some of the later nineteenth century state policies were more clearly identifiable as 'welfare' policies, Oliver (1988) warns against the frequent historical foreshortening that sees in these measures the nascent beginnings of the welfare state that emerged in New Zealand after the first Labour government.

² The Industrial Conciliation and Arbitration Act 1894 and the Old Age Pensions Act 1899.

Throughout the 1920s, economic conditions had been steadily worsening. At the time these were believed to be the 'last gales' of the post-World War I depression rather than 'portents' of forthcoming economic collapse (ibid:255). Unemployment had been rising from the mid-1920s, while export returns for primary produce were falling. By the time depression struck in the early 1930s in the wake of the Wall Street Crash, New Zealand was singularly ill-equipped to cope with its effects. Unemployment climbed from a figure of 13,000 in December 1930 to reach 81,000, or 12% of the total workforce, by 1933 (Cumming and Cumming 1978); national income had declined from \$150m to \$90m; and exports had fallen by 40% (Sinclair 1991). In addition, interest payments on the national debt had reached 40% of total government expenditure (ibid). It was this latter factor, according to Sinclair (1991), that was the critical element in intensifying the effects of the depression in New Zealand. The national debt generated by the extensive borrowing of the Vogel administration in the late nineteenth century, and to which the World War I Coalition government 'added magnificently', had culminated, by the 1930s, in one of the highest per capita levels of national indebtedness in the world.

The Forbes government at the time attempted little to improve economic or social conditions, believing the cause of the depression lay overseas and, hence, beyond its sphere of influence. The measures it did enact, however, were repressive and focused almost exclusively on achieving a balanced budget - mainly savage cuts to government expenditure and increasing taxation. In addition to this, a plethora of state subsidies were made available to farmers to encourage an increase in production and export of primary produce in an attempt to trade out of the economic crisis. Unfortunately this endeavour was doomed to failure given the saturation of the British market. No public provision was made to support the unemployed beyond demeaning relief work, such as the infamous 'Number Five Scheme'³ (O'Brien and Wilkes 1993:110), and ineffectual attempts at promoting subsistence farming (Sinclair 1991). To deal with the resulting outbursts of social unrest, the government resorted to emergency plans which involved

³ A method of unemployment assistance through public works schemes. At its peak in 1933, the Number Five scheme supported 65% of those relying on public works assistance (O'Brien and Wilkes 1995).

deployment of the armed forces in the event of complete economic collapse, the establishment of the 'Special Police' and the New Zealand Legion, and to repressive legislation in the form of the Public Safety Conservation Act 1932.

Foreshadowing a similar debate that would occur almost exactly half a century later, both the government and the opposition Labour Party were obsessed with the efficacy of economic policy, but (unlike the debate of the 1980s) for fundamentally different reasons. The Coalition was concerned to balance the budget - an achievable if somewhat severe goal, the cost of which (as observed by Keynes) would be a population that was 'flat on its back' (in Sinclair 1991:256). For Labour, however, whose leader at the time was Michael Joseph Savage⁴, the efficacy of economic policy was significant not only for its economic outcome, but also for its achievement of social policy objectives as well. Indeed, economic policy was, of necessity, secondary to the greater and more desirable Labour Party goal of equality and 'Social Justice' (ibid:263).

The First Labour Government 1935-49

The ineffectual attempts of the Forbes Coalition government to manage the economic and social crises strengthened and united traditionally opposing forces. The election of Savage as leader of the Labour Party on the death of Holland in 1933, combined with their intention to 'civilise' capitalism rather than implement socialism (Oliver 1977), made the Labour party an increasingly feasible choice for government. Savage's appeal, according to Sinclair (1991:266) was his image as 'a benign political uncle', a man who 'smelt of the church bazaar and not at all of the barricades'. Unlike Holland, who had been imprisoned in Australia for his Socialist politics, Savage did not 'frighten the moderates' (ibid). If Savage's image was an electoral advantage, so too were the policy goals contained in the Labour manifesto: in addition to its commitment to extend welfare services, Labour intended to introduce guaranteed prices to farmers, statutory minimum wages for workers and to encourage the development of secondary industries. As the possibility of gaining the Treasury

⁴ Savage, as Prime Minister of the first Labour Government, is widely revered on the political left as the founder of the 'cradle to grave' welfare state in New Zealand.

benches drew closer, and as Labour's overt commitment to socialism, according to Oliver (1977:19), 'gained in imprecision', an 'unholy alliance' (Rudd 1993) between farmers, trade unions, manufacturers, rural and urban voters was created in their support. In the face of strong public opinion that something 'more forceful' needed to be done to solve the unemployment crisis particularly (O'Brien and Wilkes 1993:114), the Coalition was decimated at the general election in November 1935, having gained only 17 of the 76 seats available (Wilkes and Shirley 1984:291). With 53 seats, Labour's victory was a landslide.

(a) Welfare Legislation 1935-38:

On gaining office, the new Labour government initiated a legislative programme that began the process of the transformation of the state into the post-war Keynesian Welfare State. In many respects, according to Rudd (1993), these measures were largely 'catch-up', merely regaining the ground lost through the relative inactivity of the previous decades. And in retrospect, it is clear that despite the range of reforms implemented, the essentially residual nature of the Welfare State remained unaltered - means-tested benefits were the norm and, again according to Rudd (1993), continued to be underpinned by the view they were a form of state charity to the deserving poor rather than a right conferred on the population by virtue of their citizenship.

Compared to previous decades, however, the range and magnitude of reform undertaken by the Labour government between 1935 and 1938 was impressive. State-provided health, education and housing services were extended, as were benefits and pensions - the essential foundations of the 'cradle to grave' welfare state (Oliver 1988). Given the circumstances in which Labour took office, some of the first measures to be introduced dealt with the problem of unemployment. The cuts to wages and award rates made under the previous administration were restored to their previous levels, and pension levels increased (Rudd 1993). In 1936, the Factories Amendment Act reduced the working week to a basic 40 hours and introduced compulsory unionism. In 1937, guaranteed prices to farmers were introduced, a minimum basic wage established and a major programme of public works initiated (ibid). The Social Security Act of 1938 expanded welfare provision even further and increased pensions

and other benefits, extended the range of medical care available - albeit in the face of opposition from the medical profession (Oliver 1988) - and introduced for the first time sickness and widow's benefits, extended unemployment benefits to women and introduced an emergency benefit for those in need of assistance but who did not qualify for any specific state support (O'Brien and Wilkes 1993). The only criterion to qualify for this benefit was an inability to 'provide an adequate livelihood...because of age, physical or mental disability, domestic circumstances, or for any other reason' (Sutch 1966:238 in O'Brien and Wilkes 1993).

A significant factor underlying Labour's social welfare programme, however, was the expansion to the boundaries of what was legitimately the realm of 'social policy'. While government assistance did not originate with the Labour government of 1935, state intervention and regulation increased dramatically. As Koopman-Boyden (1990) points out, defining social policy is a matter of interpretation - as well as political orientation. Some definitions construe social policy narrowly to include a basic provision of health, education and welfare services (*vide* Marshall 1970). Others extend it to include almost *all* government intervention - for instance, immigration, rural development, employment and housing (Koopman-Boyden 1990). While residualist elements of welfare provision characteristic of the former definition remained, the Labour reform programme of the 1930s marked a significant extension of the boundaries of legitimate state intervention. The spectrum of what was justifiably 'social policy', and the means by which the Labour government's objective of social and economic well-being for all citizens could be achieved, expanded to include increasing levels of state intervention in both economic and labour policy arenas.

State intervention in the area of labour policy was already very significant, however, via the unique Industrial Conciliation and Arbitration Act of 1894 (I. C. and A. Act), as well as through an extensive legislative framework regulating wage rates and conditions of employment. Viewed by the bigger, industrial trade unions as 'Labour's leg-iron' (Martin 1984), particularly in the more prosperous years following the First World War, the 1894 Act was the zenith of an intensive programme of industrial legislation initiated by the newly

elected Liberal government of 1890. In circumstances remarkably similar to the election of the Labour government in 1935, the Liberal party was elected to office at a time of industrial conflict and labour unrest in the wake of economic depression. Trade unionism had been increasing steadily throughout the 1880s and with it, the frequency and intensity of strike action (Walsh 1993). The Maritime strike of 1890, however, dealt a savage blow to the incipient labour movement, and, with the power of trade unionism all but destroyed, employers took full advantage of their strength to claw back gains made by the unions in the previous decades (ibid).

The I. C. and A. Act was opposed by stronger industrial unions and urban employers alike: the former because it usurped unions' autonomy in the bargaining process, the latter because it allowed the unions legislative protection behind which to regroup (ibid). Neither were in any position to resist though; according to Holt (1976:107), the unions were too industrially weak to oppose the legislation, while employers were too politically weak to prevent it. The Liberal government, however, was concerned to secure stability and to see a peaceful resolution to continued industrial conflict, the main purpose of passing the act (Martin 1984), while at the same time offering workers statutory protection from the more rapacious employers (Sinclair 1991). It was a 'profoundly important' piece of legislation, and one which was to shape labour relations in New Zealand for the next century (O'Brien and Wilkes 1993:107).

While unions had been legalised by the Trade Union Act 1878, the I. C. and A. Act required them to become an active part of a legal process of industrial relations. To gain coverage by the Act unions were required to register, in return for which they received monopoly coverage rights to workers deemed by the state to be under their jurisdiction. Strikes and lockouts became illegal. Employers were obliged by law to negotiate with registered unions and to refer disputes to regionally-based Conciliation Councils. In the event of non-agreement, disputes were to be submitted for compulsory arbitration in the Arbitration Court, the decision of which was binding on both parties (Martin 1984; Wilson 1984; Walsh 1993; Jesson 1995).

For the first decade of the operation of the Act, no strikes (as defined within the legislation) were recorded (Martin 1984). However, the division between the stronger industrial unions and the smaller and weaker craft unions surfaced in the early decades of the twentieth century, with increasing numbers of strikes and the industrial unions voluntarily removing themselves from the arbitration system. Over the next two decades, until Labour came to power in 1935, the arbitration system suffered reversals of fortune. Union opposition increased at times of labour shortages; employers' support increased when the Arbitration Court appeared to hold down wage increases. Conversely, at times of economic downturn, unions sheltered behind the legislation, whereas employers called for the system to be dismantled (ibid). By the Depression of the 1930s, however, and under pressure from employers, the Arbitration court was used by the Coalition government to force through a 10% reduction in wage rates. In 1932 compulsory arbitration was removed and labour relations exposed to market forces. Following the withdrawal of the state, not surprisingly, wages and working conditions deteriorated. This was the situation that obtained until the Labour government enacted amendments to the I. C. and A. Act in 1936.

The Keynesian Revolution

The Labour government were committed, as Oliver (1988:26) points out, 'to the belief that economic planning was possible and necessary'. And although state management of the economy amounted to little more than a political conviction during its first term of office, in the years following the Second World War, the government's commitment to progressive welfare reform together with the newly developed management strategies of Keynesian macroeconomics consolidated to provide a putative 'third way' between capitalism and socialism (Gamble 1993:43), a system of economic control through market relationships that, according to Skidelsky (1979:55), '[made] it possible for rulers to achieve politically necessary economic results without sacrificing market and political liberties'.

The 'Keynesian Revolution' was triggered by the publication of J. M. Keynes' book, *The General Theory of Employment, Interest and Money*, in 1936, the key feature of which was the principle of effective demand (Brittan 1993). In light of the extensive market failure of the

Great Depression, Keynesian economics advocated a significant role for states in the management of capitalist economies to mitigate the cyclical crises to which they were susceptible as well as to ensure full employment. Contrary to the prevailing neo-classical belief, Keynes argued that capitalism was not a self-regulating system - supply did not create its own sufficient demand (Pierson 1991). Indeed, this basic tenet of neo-classical economics, Keynes claimed, would not be automatically achieved by market forces (Dalziel 1993); it obtained only under the condition of full employment, a condition which could only be guaranteed by the manipulation of key economic variables by the state outside the market - namely, according to Pierson (1991:27), 'the propensity to consume and the incentive to invest'. With the policy mechanisms available to it - fiscal, monetary and incomes policies (Bertram 1993) - the role of the state was to stimulate consumption and investment, that is, to create 'effective demand', to ensure levels of economic production sufficient to utilise all available labour and, thus, maintain full employment and encourage economic growth, while at the same time protecting the economy from external destabilising influences.

As Przeworski (1985) points out, the social democratic programmes of welfare and nationalisation of the early 1930s had, up to the publication of Keynes' ideas, often been 'precarious' or even 'incoherent' (in Denmark 1990:273). In Keynesian macroeconomic strategies, however, lay not only the goal of social democratic state intervention, but its economic justification as well (ibid). Not surprisingly, perhaps, social democratic governments wishing to reject capitalism in favour of socialism, but lacking a 'compelling economic logic to supplant the predominance of economic liberalism', embraced Keynesianism enthusiastically as 'the new political-economic orthodoxy' (Denmark 1990:275).

Corporatism and Keynesianism: Guilt by Association?

At the heart of the Keynesian Welfare State in New Zealand, as elsewhere, lay the 'historic compromise' between capital and labour mediated by the state. In return for the political commitment to full employment, economic growth and a wide range of welfare services and benefits, the trade union movement traded off its capacity to pursue its goals of a socialist society through revolutionary means

(O'Brien and Wilkes 1993). While compromise with the state left the union movement divided, it was accepted and supported, particularly by the weaker unions, as a 'practical solution to their endless struggle with employers' (ibid:12). Capital, conversely, gained relative peace and stability and, according to Denmark (1990:274), 'accede[d] to taxation and labour consultation in exchange for non-cyclical business climates and continued productive control'.

While the 'historic compromise' has been seen as central to the stability of the Keynesian Welfare State, the means by which the compromise was maintained, a corporatist tripartite alliance between the state, capital and labour, has itself become inextricably linked with Keynesianism. The association is such that corporatist organisational forms are believed, according to Gamble (1993), to be intrinsic to the logic of Keynesian political economy, a position argued by Keynesian supporters and detractors alike.

The rise of Keynesianism and the development of corporatist organisational forms may have had a stronger association in the United Kingdom, but in the New Zealand context (as has already been discussed) a functional equivalent or a *de facto* corporatism, in the form of the Industrial Conciliation and Arbitration Act of 1894 (Perry 1987, 1992), significantly predated the rise of the Keynesian Welfare State. As an institutionalised system of intermediation, according to Perry (1987:116), the I. C. and A. Act 'ensured that...the trajectory of trade union development was closely tied to the development of the state'. It was an Act, too, that gave the state 'unprecedented powers of regulation of the labour market and wages, and of both employer and worker organisations' (Martin 1984:156-6). More significantly, perhaps, in terms of postulating an existence for corporatism independent of the Keynesian Welfare State, according to Perry (1987) since the passing of the Act in 1894, the same set of institutional arrangements has clearly served different interests at different times - as the history of the Act demonstrates. Thus, as noted in Chapter III, as a particular form of political relationship, although corporatism is not a neutral political relationship, there is nothing to suggest that it is necessarily associated specifically with *Keynesian* state forms.

The Breakdown of Consensus

From 1946 until the early 1970s, New Zealand experienced an era of unprecedented levels of economic growth, employment, security and prosperity. The stability apparently created by the social democratic interventionist 'compromise' of the first Labour government was such that it was upheld during these decades, albeit to varying degrees, by National and Labour governments alike. By the time the compromise began to fragment in the late 1960s, however, it was evident its success was rather more contingent upon the favourable economic conditions created by the post-war boom than by consensus. It was, as O'Brien and Wilkes (1993:122) have observed, 'a decidedly flawed compromise' premised on unusual economic circumstances rather than on a class-based rapprochement.

As James (1992) points out, until the late 1960s, New Zealand was a small and potentially vulnerable dependent economy which relied heavily on a narrow range of primary produce exported mainly to Britain. Foreshadowing the economic downturn that would occur in the early 1970s, the government received a warning in 1967 with the most severe balance of payments deficit since the Second World War - a crisis, the World Bank reported, produced largely by New Zealand's over-dependence on its narrow export base (Sinclair 1991). For much of the twentieth century, exporting to Britain was a mutually beneficial arrangement. By the 1960s, however, the regular five-yearly access agreements with Britain were phased out. And when Britain entered the European Economic Community in 1972, New Zealand was forced into economic independence as access to markets in the United Kingdom was restricted. Although moderately successful efforts had been made to diversify overseas markets in the years prior to 1972⁵, New Zealand suffered in the international arena from the agricultural protectionism of its new trading partners, who attempted to 'regulate and minimise' New Zealand's extensive agricultural exports (Sinclair 1991:315). By the early 1970s, falling prices in saturated markets combined with falling demand to result in a significant decline in New Zealand's terms of trade (Roper 1993). Although conditions improved during the commodity boom between 1971 and 1973 (*ibid*), as the effects

⁵ For example, the New Zealand-Australia Free Trade Agreement (NAFTA) negotiated in 1965. By 1970, though, Australia accounted for only 8% of NZ's exports, Japan 10%, and the USA 16%. The UK in the same year took 36% (Sinclair 1991:314).

of the OPEC oil crisis of late 1973 filtered through to New Zealand, the recovery was wiped out. Worsening terms of trade and economic stagnation combined with rising inflation and unemployment to plunge the country into a spiral of economic decline from which, in the mid-1990s, it is only recently showing signs of recovery.

As in the 1890s and the 1930s, the welfare state of the 1970s underwent significant expansion, largely in response to demographic changes, increased demand for welfare services and rising expectations, but in the context of worsening economic conditions - a time when increasing demand was least sustainable. Unlike the earlier periods, however, there would be no world war to stimulate the economy into growth in order to fuel increased social service provision. While few major policy initiatives occurred during the 1970s⁶, welfare spending increased as a proportion of GDP and of total government expenditure. In 1970-71, spending on social benefits amounted to 15.4% of GDP, or just over 56% of total government expenditure; a decade later it had reached 22.4% of GDP and 60% of total expenditure (Rudd 1992:44-48).

When placed in its global context, the economic downturn of the early 1970s, while significant, was perhaps less serious than first thought as all major OECD countries experienced a decline in economic growth through the 1970s and into the early 1980s (Roper 1993). What heightened the effects of the crisis in New Zealand, as in previous years, however, was the effect of economic mismanagement and, somewhat ironically given the election campaign attacks on the Labour government for exactly the same approach to the problem, of large-scale borrowing by the Muldoon government of 1975-84.

Although traditionalist and conservative, the National government of Muldoon persisted with Keynesian policies of intervention and economic protection (Jesson 1995). In an attempt to manage the growing economic crisis, Muldoon's strategy, according to O'Brien and Wilkes (1993:124), was to 'use state spending to alleviate employment problems, to support rural production and to stimulate exports' - in short, a reprise of the doomed strategy of the Coalition government of

⁶ Except for the introduction of the Domestic Purposes Benefit, the Accident Compensation Scheme and National Superannuation - see Rudd (1993).

the early 1930s of trading out of the crisis, albeit minus the attendant reduction in state expenditure⁷. While some of Muldoon's initiatives were successful - for instance state support for increasing manufacturing exports (Roper 1993) - the immense state spending committed to the 'Think Big'⁸ projects was, at best, ill-advised. Between 1975 and 1984, the percentage of GDP dedicated to debt servicing more than doubled, while debt servicing as a proportion of total government expenditure rose from 10% to 17.4% (Rudd 1992: 44-8). In the same period, the registered unemployed had risen from 3000 to 50,000 (Kelsey 1994:15). Worsening economic conditions encouraged further intervention, and culminated in a general wage and price freeze between 1982 and 1984 (ibid). Finding it increasingly difficult to generate support for his interventionist policies in the face of growing enthusiasm for free-market liberalism, in both the public and private sector, a 'tired and emotional'⁹ Muldoon called for a snap election in June 1984.

The Neo-Liberal Revolution

By the late 1970s, the monetarist opposition to interventionist management strategies was growing, both internationally and in New Zealand. While critics of state interventionism had never really gone away, they had been effectively silenced by the prosperity of the post-War era. However, the impasse reached by the end of the Muldoon years - the growing economic crisis, questions over the efficacy and sustainability of the welfare state - provided an opportunity for a liberal revival. Advocated initially by the occupants of the New Zealand Treasury and Reserve Bank, the neo-Liberal agenda was affirmed by the Labour government elected in 1984 (although unknown to voters at the time of the election), and most enthusiastically endorsed by Roger Douglas, subsequently appointed Minister of Finance, and the principle architect of what came to be known as 'Rogernomics'.

⁷ It has been argued that, as a populist politician, Muldoon was unwilling to increase unemployment and the general hardship generated by contracting state expenditure (O'Brien and Wilkes 1993).

⁸ Large-scale state-sponsored development of the energy sector - e.g Maui oil fields, the Clyde dam, etc - to produce greater self-reliance for fossil fuels as well as to stimulate the domestic economy and create employment opportunities.

⁹ A media euphemism for the fact that, when Muldoon made the election announcement, he was, in fact, drunk.

The rise of neo-Liberalism needs to be viewed against the backdrop of the prolonged economic crisis of the early 1970s, a crisis triggered globally, according to Lauder (1990), by falling rates of profit and, hence, a decline in the conditions for capital accumulation. According to neo-Liberal ideology, however, the real cause of the crisis lay with the economically unsustainable levels of state intervention characteristic of the Keynesian Welfare State. The growth of the bureaucracy of the state to accommodate its expanded role in society, with the concomitant increase in the revenue required for its operation - funded mainly through taxation, deficit budgeting and state borrowing - was an unsustainable economic burden. The main thrust of the solution was to minimise state intervention in all spheres and reduce its spending by contracting the boundaries of, or in the wildest fantasies of some free-marketeers, dismantling entirely, the welfare state. However, whether a monetarist or Keynesian explanation is favoured for the crisis that beset New Zealand in the 1970s, both perspectives concur that its outcome, as has been noted already, was increasing unemployment, accelerating inflation and economic stagnation, creating what can be termed both a fiscal and legitimisation crisis for the state (O'Connor 1973; Habermas 1976).

As with most political and ideological perspectives, the political agenda commonly proclaimed the 'New Right' can best be understood as a collection of views encompassing a variety of differing strands of conservative thought. Although there are a number of common themes and shared values running through these strands of discourse, there are also many internal divisions and conflicts. Yet according to Gamble (1988:27-8), there are certain important beliefs which are common to all adherents of New Right philosophy:

What all strands within the New Right share...is the rejection of many of the ideas, practices and institutions which have been characteristic of social democratic regimes in Europe and of the New Deal and the Great Society programmes in the United States. The New Right is radical because it seeks to undo much that has been constructed in the last sixty years. New Right thinkers question many of the assumptions which have become accepted for the conduct of public policy while New Right politicians have

sought to build electoral and policy coalitions which challenge key institutions and key policies....As a political programme, the New Right is identified with opposition to state involvement in the economy. They are fierce critics of Keynesian policies of economic management and high public expenditure on welfare. But New Right politicians are also renowned as advocates of national discipline and strong defence....To preserve a free society and a free economy, the authority of the state has to be restored.

According to Gamble, the New Right has two major strands: a liberal tendency which argues the case for a freer, more open, and more competitive economy, and a conservative tendency which is more interested in restoring social and political authority throughout society. For the neo-Liberal New Right, priority is given to the individual, freedom of choice, the free market, minimal government and laissez-faire. The central focus of this strand of thought is providing the optimal conditions for the operation of the free market. Taking its cue from classical liberal theory, this strand of the New Right claims that the free market - the free exchange between labour and capital, and competition between capitalists - is the only mechanism which maximises individual freedom of choice by impartially mediating conflicting interests, if left to operate unhindered by government interference. It is held that the market cannot discriminate and that it gives each individual equal opportunity to compete. The main assumption underpinning the essentialism of the market is that, as a purely economically driven mechanism, it is the only means by which the activities of a large number of self-interested individuals can be co-ordinated effectively and efficiently (Hindess 1987).

The anathema of neo-Liberal philosophy is state intervention, especially in the form of public expenditure on welfare programmes. Indeed, it could be argued that neo-Liberal opposition to state activity does not constitute a theory of the state, but rather a theory largely *against* the state (Wilkes & Shirley 1984). The state is comprehensively criticised on the grounds that, in practice, it produces worse results than do market solutions. Its administrative and bureaucratic methods are believed inherently inferior to markets as a means of

allocating resources. It is also objected to on moral grounds - not only does intervention in the form of welfare provision reduce the incentive for individuals to work, but absolves them from personal responsibility and encourages a passive over-dependence upon the state (Gamble 1988).

Not only does intervention distort the working of the free market, but it also poses a considerable threat to individual freedom and privacy - with damaging consequences for economic activity and for social life generally. By drawing revenue in the form of taxation from the productive private sector and diverting it into the unproductive public sector, the state is responsible for stifling entrepreneurial freedom and initiative, creating what Offe (1982:8) has described as a 'disincentive to investment'. Taken together, these effects lead to a dynamic of declining economic growth and increasing public expectation which is less and less able to be satisfied by the state (ibid:9). To avoid the obviously malign effects of intervention, therefore, the role of the state in society should be a residual one - confined primarily to the protection of the free market, the protection of individuals from coercion, the administration of justice and mediation in disputes, the provision of basic amenities, and to the protection of members of society who cannot be regarded as 'responsible' (Johnson 1984:36).

The liberal conception of a free economy denotes a spontaneous harmony of interests generated through the voluntary exchanges of free autonomous individuals within a framework of agreed rules. To safeguard the order which the market spontaneously generates a state is needed, but a state minimal in its functions and limited in its powers. Although the state is to be limited it needs to be strong in carrying out its functions. Policing the market order requires vigilance and firm action to enforce laws impartially so that competition might be fair and exchange voluntary (Gamble 1988).

The conservative New Right, on the other hand, while sharing the neo-Liberal concern to restore the authority of the state to protect the free market, also endorses the need for a strong state in order to establish and maintain social order (ibid). The post-war state expansion, due to government intervention, resulted in the growth of public sector professionals, whose vested interests in the provision of

state services constitute a major threat to the authority and power of the state. To confront these special interests and reduce their power requires the restoration to the state of the authority 'usurped' by these groups (ibid).

Surprisingly, conservatives have generally been fierce critics of the liberal doctrine of individualism which attempts to remove all restraints from the path of individual freedom, and which, in the tendency toward moral discourse often displayed in conservative writing, leads to the erosion of institutions that promote social order (ibid). According to Gamble (1988), while conservative suspicion of laissez-faire capitalism has not disappeared, their mutual respect for the traditions of property and agreement over the dangers presented by social democracy, provided a reasonably solid basis for a convergence between the two doctrines.

While both the liberal and conservative tendencies are committed to the view that the state has to be 'rolled back', precisely how this will be achieved presents the New Right with something of a dilemma: how to reform the previously interventionist, high-spending, social democratic state using the same political institutions which, according to New Right analysis, have been responsible for the both the destruction of the market order and the undermining of social institutions required for the maintenance of social order (ibid). To restore the free economy requires firm and decisive action to cut state spending on welfare and to reduce taxes, to privatise public assets and services, and to abolish interventionist and regulatory agencies. To implement such a radical programme a state strong enough to resist challenges to its authority is required - especially challenges from public sector professionals. Yet the degree of regulation required to ensure the unhindered operation of the free market as well as maintaining a strong authoritative state may be considerable. As Gamble (1988:28) points out:

The idea of a free economy and a strong state involves a paradox. The state is to be simultaneously rolled back and rolled forward. Non-interventionist and decentralised in some areas, the state is to be highly interventionist and

*centralised in others. The New Right can appear by turns
libertarian and authoritarian, populist and elitist.*

The amalgam of potentially opposing doctrines embodied within the goal of a free economy and a strong state has resulted in a neo-Liberal philosophy that is fraught with tensions, and which has fundamentally contradictory policy implications - contradictions that were to be exacerbated when combined with the erstwhile social democratic policy orientation of the Labour Party, instigators of the neo-Liberal reform agenda implemented in New Zealand during the 1980s.

Election of the Fourth Labour Government 1984

As Boston (1991:233) has observed, 'the fourth Labour government initiated the most sweeping reorganisation of the machinery of government ever undertaken in New Zealand' - a programme of change comparable to the left-wing revolution of the first Labour government in the 1930s, but this time a revolution of the right (Sinclair 1991). Between 1984 and 1990 the public sector underwent massive structural, organisational and management changes with the corporatisation and subsequent privatisation of state trading activities, the introduction of a new management regime, substantial cuts in various government programmes, and a much greater concern with accountability and performance assessment. The speed of the reform, as Sinclair (1991:323) notes, left the population 'bewildered' - a tactic employed deliberately by Finance Minister, Roger Douglas, in order to 'overwhelm the opposition'¹⁰.

Policy advice concerning public sector restructuring was determined principally by officials in the Treasury, through gaining what Jesson

¹⁰ In his book, 'Unfinished Business' (1993), Douglas outlines in detail the formula to be followed when undertaking any restructuring:

'Do not try to advance a step at a time. Define your objectives clearly and move towards them in quantum leaps. Otherwise the interest groups will have time to mobilise and drag you down.'

And:

'Once the programme begins to be implemented, don't stop until you have completed it. The fire of opponents is much less accurate if they have to shoot at a rapidly moving target.'

(1988) has described as a 'policy coup', in which a monetarist solution was presented as the only viable response to the economic crisis faced by the government (in Codd 1990:196). Much of this advice was based on an analytical framework grounded in public choice theory, managerialism and the new economics of organisations - most notably agency theory and transaction-cost analysis - in which concerns to reduce the role of the state, curb the functions of government agencies, maximise government efficiency and accountability, and to increase individual freedom were clearly evident (Boston 1991).

The opportunity to embark upon such a radical restructuring programme was aided considerably by a foreign exchange crisis precipitated by the pre-election sabre-rattling of Muldoon and Douglas. In the weeks running up to the election, Douglas 'accidentally' released a background paper indicating Labour's intention to devalue the dollar by 20% immediately after the election (Kelsey 1995). Muldoon, still Prime Minister, refused to intervene to staunch the massive flow of funds overseas precipitated by the release of the paper, in spite of exhortations to act by the Treasury and the Reserve Bank. The result, by election day, was a near crisis in which New Zealand's overseas reserves were within one week of being exhausted (Sinclair 1991). It was four days after the election, and only under the threat of the mass resignation of his Cabinet¹¹, that Muldoon agreed to close off the foreign exchange market - a post-election exercise in brinkmanship with the Labour Party that eventually cost the New Zealand taxpayer nearly \$800 million (James 1992).

What the crisis created, however, was a 'window of opportunity' for Douglas to pursue his economic agenda. According to David Lange, the Labour Prime Minister elected in 1984:

The circumstances of those first few days in government gave Roger the opportunity to do what he had always wanted to do anyway. But he wouldn't have been able to do that had we gone through the orthodox routine of an election in November, then a budget in June....When the crisis hit in July 1984 it was Roger Douglas who, above all,

¹¹ All ministers with the exception of Bill Birch.

had thought through the economic issues - so when the Cabinet needed to fall back on an economic philosophy, it was Douglas who had one (in Kelsey 1995:29-30).

The 'Phoney Corporatism'

According to O'Brien and Wilkes (1993), the Labour Party had gone into the 1984 election, having 'papered over the cracks' between the emerging monetarist faction headed by Douglas and its more corporatist members, with a 'Clayton's manifesto'¹² - promising much but specifying little, with the excuse that the snap election provided little time to elaborate on details¹³ (Kelsey 1993). What had been promised, though, was 'a more democratic approach to economic management', to be facilitated initially by a series of summit conferences on prices and incomes and on employment (Kelsey 1995). There was to be, amongst other things:

- *consensus on the programme of economic and social reconstruction;*
- *a fair prices and incomes policy;*
- *an investment strategy to help restore full employment and reduce the external deficit;*
- *a fair tax system (ibid:31).*

And in the months immediately following the election, superficially at least, it appeared that the corporatist wing of the party still held sway. A multi-sectoral economic summit was convened at Parliament in September 1984 which included representatives from the trade unions, the primary and business sectors, as well as unemployed workers and community groups (Dalziel 1989). The proceedings, notes Kelsey (1995:32):

...resounded with talk of unity and self-sacrifice. There were calls to maintain the pace of reform, with participation by all sectors at all levels in public decision-making, and on-going

¹² 'Clayton's' was a brand of non-alcoholic whiskey marketed with little success in New Zealand during the late 1970s with the advertising catch-phrase, 'it's the drink you have when you're not having a drink'. The name survived, but the drink didn't, and is now used to refer to things that look authentic, but are not.

¹³ Roger Douglas himself argues that this lack of detail was, in fact, a deliberate strategy to disguise electorally unpalatable policies.

consultation and distribution of information to build on the new-found spirit of co-operation.

Indeed, through the rest of 1984 and even into 1985, no real indication was given of the extent to which the summits were not 'the start of a happy reconciliation between capital and labour' (O'Brien and Wilkes 1993:128), but rather a contrived performance designed, as Douglas later admitted, 'to dramatise the problems of the economy to the nation and create the right climate for change' (Douglas 1991, in Kelsey 1995:33). He stated even more frankly, after his retirement from politics in 1990, that the purpose of the summits had been to 'blunt the power' of interest groups:

By giving them nationwide television exposure, in a sense, we put them on public trial. Under such a spotlight they had enough sense to realise that if they persisted in seeking their own selfish, short-term interest at the expense of the wider community, then they would instantly lose the support of the public....Having forced them into a commitment to put New Zealand first, or at least publicly to do so, we used the 1984 budget to hit the privileges of all the interest groups at once (ibid).

According to Oliver (1989), the proponents within the Labour government of a corporatist approach to economic restructuring had widespread support within the caucus. It was a majority view, although not publicly articulated, that extensive economic restructuring was necessary, and that the immediate effects would be a significant increase in unemployment and general social upheaval (ibid). But the idea of extensive economic restructuring, and a corporatist approach to it, were not viewed as incompatible - a view which a more charitable interpretation of the summit conferences may illustrate.

If a negotiated solution to the economic crisis seemed a possibility in 1984, the electorate were unaware of the extent to which, behind the scenes, an important transition had already been made: the corporatist versus monetarist debate, which had long since declined into factionalism, had been resolved in favour of Douglas' 'more-market'

strategies. As O'Brien and Wilkes (1993) note, by December of 1984, it was becoming increasingly clear to the trade union movement, if not the wider public, that the government's reform agenda would include the deregulation of the labour market to encourage 'flexibility' in wages and conditions. The government's dalliance with compromise, a corporatist tendency of questionable authenticity at best, was over.

Restructuring the State Sector

According to Kelsey (1995:85), Labour's restructuring programme centred on five key areas: liberalisation of domestic markets and trade; reduction in the size and scope of the state; monetary policy driven by the goal of price stability; labour market deregulation and deunionisation; and fiscal restraint through broadening the tax base and cutting state spending. Discussion of market and trade liberalisation and monetary policy in the New Zealand context are extensive and need not be considered in detail here (for example, see Easton, 1989; Holland and Boston 1990; Boston, Martin, Pallot and Walsh 1991; Boston and Dalziel 1992; Deeks and Perry 1992; Roper and Rudd 1993; Kelsey 1993, 1995). However, in relation to events that impinged upon the later establishment of the Schools Consultative Group, limiting the size and scope of the state and the restructuring of the labour market were significant.

(a) Withdrawal of the State:

Given the extent to which state intervention had, historically, politicised significant portions of the economy and civil society in New Zealand, the scope of the programme undertaken by the Labour government to withdraw the state from some arenas, while strengthening its control in others, was immense.

The fundamental neo-Liberal aim of extending the discipline of the market to the state sector was embodied in two pivotal pieces of legislation: the State-owned Enterprises Act 1986 and the State Sector Act 1988 - the former directed towards a reorganisation of state commercial activities, the latter with redefining the relationship between ministers and permanent heads of departments and with applying private sector labour regulations to public sector employment (Scott, Bushnell and Sallee 1990).

Labour's corporatisation and commercialisation programme for commercial state operations was contained in the 1984 Treasury briefing to the incoming government, *Economic Management*. According to this document, the inherent inefficiency and inflexibility of state trading activities, as well as their susceptibility to influence by political not economic considerations, could be overcome by simply separating out the commercial from non-commercial state operations and subjecting them to the same performance objectives found in private sector corporations (*vide* Mascarenhas 1991). Where possible, state commercial activities were to be converted into state-owned enterprises - analogous in every way to private sector commercial organisations but with government ministers as share-holders. Profit, not social considerations, was to be the prime objective of their operation.

In December 1986, the conversion of state trading activities into limited liability companies was achieved with the passing of the State-owned Enterprises Act¹⁴. In the four years following its passing, SOE Act criteria were applied to nearly every state activity with commercial potential: for example ports, government computing, radio and television networks, even meteorological services (Kelsey 1993:30).

While Douglas insisted that the purpose of the corporatisation programme was to encourage economic efficiency (*ibid*), following the re-election in of Labour in 1987 it became abundantly clear that corporatisation had been, all along, preparatory to eventual privatisation - or 'selling the family silver' (Mascarenhas 1991) - an objective strategically withheld from the electorate¹⁵. While

¹⁴ Five corporations existed prior to the passage of the act: Air New Zealand, Petroleum Corporation of NZ Ltd, NZ Railways Corporation, the Shipping Corporation of NZ and the Tourist Hotel Corporation. The SOE Act created nine additional companies: Airways Corporation, Coal Corporation, Electricity Corporation, Government Property Services, Land Corporation, NZ Forestry Corporation, NZ Post, Post Office Bank, and Telecom Corporation (Mascarenhas 1991:49).

¹⁵ The Minister of State-owned Enterprises, Richard Prebble, denied the allegations in Parliament thus:

'The government opposes the suggestion by the opposition members that they will sell off taxpayers' assets. The government does not regard itself as the owner...of the state corporations affected. The government is the guardian on behalf of the people. No government has the right to sell off state trading enterprises to its cronies' (in Kelsey 1993:42).

supposedly one-off sales of assets was mooted prior to 1987, Douglas announced in his December 1987 economic statement, his intention to initiate a Treasury review of all state-owned enterprises with the aim of establishing whether government ownership was justified or whether proceeds from asset sales would be more productively spent on debt repayment¹⁶ (Kelsey 1993). Predictably, the Treasury argued for privatisation and retirement of debt.

In 1988, SOE minister Richard Prebble established a steering committee to oversee the privatisation process chaired by Ron Trotter, a leading member of the New Zealand Business Roundtable, Chief Executive of multinational company Fletcher Challenge and, later, major purchaser of state assets (Kelsey 1995). By 1990, when Labour announced the end of its asset sales programme, although the government had sold off eighteen SOEs¹⁷ and generated over \$8.3 billion in revenue (James and McRobie 1993:16), total overseas debt had reached \$49 billion, or 77% of GDP (ibid:13), and a significant proportion of the country's infrastructure had been placed under foreign control (Kelsey 1995).

What remained of the state following the reform of the State-owned Enterprises Act also underwent an equivalent restructuring process under the auspices of the State Sector Act 1988. The main purpose of the Act was to introduce private sector management practices into what was now termed the core public sector, and created what Kelsey (1993:60) has described as 'an entrepreneurial public service'. What Scott et al (1990) described as the 'residual' services provided by the state - for instance, health education, defence, policing and justice - were to be subjected to the *management* discipline of the market. Under the State Sector Act, permanent heads of departments - still appointed by the State Services Commission, but with the approval of the Governor-General - were transformed into chief executives and lost permanent tenure in favour of renewable, performance-related

¹⁶ This argument was later admitted by Douglas to be a 'poor one', but one that was 'the easiest to use politically' (in Birchfield and Grant 1993). The real reason was, of course, an ideological one to get the state out of the economy.

¹⁷ The most significant of these was: Telecom \$4.25 billion to Bell Atlantic and Ameritech and which returned in excess of \$620M profit for 1995; State Insurance for \$735M; Post Bank for \$665M to ANZ Banking Group Ltd; Air New Zealand for \$660M; the Rural Bank for \$550M after the government wrote off \$1.1 billion of its debts; NZ Steel for \$327M after a debt write-off of nearly \$2 billion (Mascarenhas 1991:47).

contracts for periods of up to five years (ibid). Salary packages became more 'flexible' in order to recruit managers from the private sector. The old Westminster-style relationship between minister and permanent secretary was replaced with the requirement for chief executives to enter into annual performance agreements with their minister, something analogous to a corporate statement of intent, and subject to approval by the Prime Minister and Minister of State Services. These agreements were to stipulate the 'outputs' required by the minister, the expenditure targets to be reached in supplying them and the management practices by which they would be accomplished (Kelsey 1995). In the new devolved environment, chief executives were also given complete autonomy to hire and fire staff, in sharp contrast to the previously centralised employment structure of the State Services Commission.

The State Sector Act 1988 changed the industrial relations environment for *all* state sector employees. Workers who had transferred to the newly formed State-owned Enterprises were no longer considered public sector employees, and were employed under the provisions of the Labour Relations Act 1987 - the act governing conditions of employment for the private sector. Under the State Sector Act 1988, the public sector personnel remaining in the core state services were also brought under the provisions of the Labour Relations Act. Security of tenure for public servants, as with their chief executives, was removed, as was the Annual General Adjustment - the mechanism through which public sector pay maintained parity with the private sector (Jesson 1995).

(b) Labour Market Reform:

The Labour Relations Act 1987 was the result of the struggle to deregulate the private sector labour market between private sector employers and the trade union movement. In the radically deregulated post-1984 economic and trading environment, an 'aggressive employer offensive' emerged (Harvey 1992:63), spearheaded by the Business Roundtable, aimed at minimising employment costs and maximising flexibility in terms of pay and conditions. According to its advocates, labour market deregulation was the necessary final step to allowing employers the freedom to operate effectively in the new economic environment, to stimulate

growth and, thus, to facilitate the 'long-awaited' economic recovery (ibid).

As Walsh (1993) notes, the Labour government did not achieve the same level of labour market deregulation as it achieved in the economy. According to Kelsey (1993), following the election in 1984, the government put labour market restructuring in the 'too hard' basket, and focused instead on economic and financial reforms. Deregulation of the labour market presented something of a dilemma to Labour. While the Employers' Federation, the Business Roundtable and the Treasury were forceful in their advocacy of radical restructuring and the abandonment of the government's commitment to full employment¹⁸, the historical alliance of the Labour Party with the trade union movement ultimately made attempts at deregulation (at least to the extent that would satisfy its advocates) during its two terms of office impossible¹⁹. The trade unions, according to Deeks (1992), when faced with the neo-Liberal onslaught in favour of deregulation, were able to successfully exploit their position within the Labour Party organisation to oppose plans for labour market restructuring.

For advocates of reform, the Labour Relations Act was an unsatisfactory outcome; a campaign of opposition towards it by the Business Roundtable was initiated almost immediately after its enactment (Walsh 1989). The Act guaranteed registered unions monopoly jurisdiction over its members, maintained blanket award provision for all workers regardless of union membership and retained compulsory union membership (Walsh 1992). The Act did, however, dispense with compulsory arbitration, giving unions the right to strike, and required a minimum membership figure of 1000 for unions to be registered, a provision which forced a number of the smaller unions to merge. As a result of the Act, the number of registered unions fell from 256 in 1986 to 112 in 1989 (Kelsey 1995:176).

¹⁸ According to the Treasury's 1984 briefing papers, unemployment would only be resolved by allowing wages to move; if wages could not move, employment levels would - downwards. The trade-off was lower wages but higher levels of employment. In addition, in a 'responsive and dynamic' economy, unemployment was an unavoidable fact of life, therefore any political commitment to full employment was misguided.

¹⁹ Indeed, deregulation was not achieved until the enactment by the National government of the Employment Contracts Act in 1991.

Although reduced in number, the trade unions that remained were, paradoxically, 'stronger and more efficient' (ibid).

(c) Restructuring Education:

Throughout its first term of office, the reform programme of the Labour government was firmly focused on economic deregulation. In the election campaign of 1987, however, Labour indicated that, if elected, the focus of its next three year term would be on social policy. According to David Lange (in James and McRobie 1993:17-8), the Labour government had already taken:

...those tough [economic] decisions so that in the second term...we [can] have an economy fitter for people to live in. The emphasis will be on social policy and on the traditional basic Labour objectives in the areas of health, housing, education and social welfare.

Labour were returned riding the crest of an economic wave created by the investment frenzy following Douglas' deregulation of the finance sector - a wave which crashed a scant two months after the election, taking with it over half the value of the share market²⁰ in a matter of days (Easton 1989).

Throughout its first three years of office, the Labour government had demonstrated broad support for Douglas' programme of economic liberalisation. During its second, however, there was no such consensus over the restructuring of social policy. In the run-up to the second election, some ministers, including the Prime Minister, had become increasingly alarmed at Douglas' determination to reduce state expenditure and to apply the principles of economic reform in education, health, housing and social welfare (Boston 1990). Conflict developed over the direction of social policy reform within the Labour government, manifested by an acrimonious split between David Lange and Roger Douglas, and which ended with Lange's sacking of Douglas as finance minister in September 1988. Minus Douglas, the government sought to formulate a coherent social policy in which old

²⁰ Market capitalisation had risen from \$17.6 billion in 1985 to reach \$42.8 billion by September 1987. By December, capitalisation had plummeted to \$24.2 billion (Kelsey 1995:89).

social democratic objectives could be reconciled with the new economic environment, but only achieved, according to James (1992:136), an 'awkward hybrid of policies'.

In spite of the contradictory objectives in the social policy arena, significant structural and managerial changes occurred nevertheless. And although social policy was the area in which the government proved to be the 'least radical' (ibid), in the education sector at least the reforms heralded by the Education Act 1988 were described by Codd (1990:200) as 'the most radical restructuring' of education for more than a century.

Education had historically played a prominent role in the construction of the egalitarian social democracy embodied by the welfare state - it was an important means by which equality of opportunity could be distributed fairly through society. And while there had been 'no ground swell of dissatisfaction with the education system to justify reform' undertaken during the late 1980s (Kelsey 1995:219), questions had long been raised regarding the capacity of the education system to fulfil much of what was expected of it, particularly concerning the underachievement of Maori students, putative low educational standards, educational inefficiency, inflexibility and lack of choice, and the capture of education by specific interest groups, namely the teaching profession (Grace 1990). Although many features of the 'crisis' in education bore the unmistakable stamp of ideological manufacture, in seeking to undermine the educational settlement in New Zealand, the critics of education were able to highlight very clear deficiencies in the system - most notably the failure of schools to achieve real equality of opportunity, particularly for Maori, the working-class and for women (ibid).

(i) Tomorrow's Schools

According to Jesson (1995), Lange attempted to forestall the Douglas-Treasury²¹ agenda for reform in education, by announcing in July 1987 the formation of a taskforce to review the system of education administration. In a little under a year, it had produced its report,

²¹ The Treasury was so concerned to restructure the education system that in 1987, their brief to the incoming government, *Government Management*, contained an extensive second volume, *Volume II: Education Issues*, dedicated to outlining their proposals.

Administering Education - Effective Administration in Education, commonly abbreviated to the *Picot Report*, after taskforce convenor and supermarket magnate Brian Picot. Three months later, the government's policy statement based on the Picot Report, *Tomorrow's Schools*, was released.

According to Martin (1991:284), the changes contained in *Tomorrow's Schools* were underpinned, as was reform in other social policy sectors, by the twin goals of devolution and decentralisation. Under *Tomorrow's Schools*, the Department of Education was to be dismantled and replaced by a number of smaller agencies: a Ministry of Education responsible for providing policy advice only to the Minister - it was no longer the direct provider of education services; a Review and Audit Agency, subsequently renamed the Education Review Office, for the monitoring of education institutions through a regime of compliance, efficiency and effectiveness audits; and a Parent Advocacy Council to assist parents to promote their views and to become better informed about the working of the system²².

In place of the old school committees, a Board of Trustees was to be established for each individual primary and secondary school, to which local parents would be elected. In partnership with the teachers and principal, the mainly voluntary board would govern the school in accordance with community wishes. Devolved to each board was responsibility for staffing, for the dispersal of the bulk grant received from government to cover running costs of the school, and also for the maintenance of school buildings and grounds. In collaboration with the principal, staff and the community, the board was also responsible for the preparation of a charter in which the purposes of the institution and the intended educational outcome for its students were to be defined (Barrington 1990), with their achievement monitored by the Education Review Office. The school charter, although in practice a 'non-negotiable and directive document' (Kelsey 1995:220), was a key mechanism by which the accountability of

²² After a short life, the Council was disbanded. According to Jesson (1995) this was because parent input into policy development did not readily cohere with the managerial principal-agent relationship developing across the state sector generally. She also notes that the Parents Advocacy Council might have been perceived as a threat by some government departments.

school boards, both to central government and to parents, was to be ensured.

It was also intended, under *Tomorrow's Schools* to devolve responsibility for the payment of teachers' salaries to individual school boards of trustees, a method of payment that became known as bulk funding. As a component of the total bulk grant dispensed to all schools, boards of trustees, albeit with some centrally prescribed limits, were to be given greater flexibility to determine the numbers of teachers to employ and the salary scales at which they would be appointed, as well as the capacity to utilise salary funding for other purposes. Severe technical difficulties over the calculation of the salaries grant for each school, however, together with mounting suspicion by trustees that the government was trying to reduce funding, forced the postponement of bulk funding when the rest of *Tomorrow's Schools* came into effect in October 1989 (Gordon 1991). In the end, legislation was introduced by Phil Goff, Associate Minister of Education, 'defer[ring] the devolution of the teacher salaries component of the bulk grant until 31 December 1991' (ibid:40) or even later.

A further factor that contributed to the difficulties of devolving teachers' salaries to individual boards was the teachers' National Collective Award. A key rationale underlying the proposals to devolve responsibility for teachers' wages and conditions of employment was the managerialist concern to provide boards of trustees with greater flexibility in terms of recruitment and salary. However, with rates of pay still determined by a centrally negotiated collective award, boards were not permitted to pay anything other than the stipulated rates of pay. In short, in an industrial relations environment still regulated by a national collective award, a devolved salary structure made little sense. Until national awards were removed, and site-based bargaining introduced, the direct funding of teachers' salaries would not be possible. With the defeat of Labour in the 1990 general election, however, and a National government who embraced the neo-Liberal reform agenda with 'evangelical fervour' (Kelsey 1993:21), the teacher unions were given notice that all three were likely to be pursued.

The disintegration of the Labour government that had begun even before the 1987 election continued apace during its second term of office. With the sacking of Roger Douglas from the finance portfolio, business sector support for Labour was eroded, convinced that the government were no longer committed to 'Rogernomics'. Paradoxically electorate support also declined severely, unconvinced that the commitment had moderated at all. Polling up to the election indicated a rout was imminent: possibly only fifteen seats out of ninety-seven (Kelsey 1993:21). And, despite belated attempts to rekindle support through the Growth Agreement²³ with the trade unions and a claim to have 'rediscovered' their roots (Kelsey 1995), defeat for the Labour government was decisive: National gained sixty-seven seats, Labour twenty-nine²⁴ (James and McRobie 1993:311).

The Election of the National Government 1990

National campaigned in the 1990 election with the slogan 'Creating a Decent Society'. However, as Boston and Dalziel (1992) note, the economic and social policies pursued by the government during its first year in office were utterly incompatible with the achievement of their erstwhile worthy goal. The Labour government had bequeathed to National a programme of economic liberalisation that was virtually completed. Their failure to achieve a similar restructuring of social policy and labour market reform, however, gave the National government an immediate target for their own restructuring agenda.

In Ruth Richardson, the National government had a Minister of Finance with an economic vision for New Zealand that 'would surpass [Roger] Douglas' for ideological purity' (Kelsey 1995:40)²⁵. Any notions of reprieve from the 'rapid and disorienting' changes made by Labour (James and McRobie 1993:31) harboured by the electorate at large, were quickly dispelled by the economic statement made by

²³ A reprise of labour corporatism of old - an agreement with the unions to trade off smaller wage increases in return for a commitment from the Reserve Bank to facilitate a drop in interest rates and for the government to consult the Combined Trade Unions over expenditure cuts and economic policy (Walsh 1991). Employers and the Reserve Bank showed little inclination to participate.

²⁴ As a result of the vagaries of the FPP electoral system, although National only increased its percentage of support from 44% in the 1987 election to 47% in 1990, they gained 70% of the seats in the House. It was not an election National won, but rather an election that Labour lost.

²⁵ Richardson's extreme monetarist agenda was commonly referred to as 'Ruthanasia'.

Richardson in December 1990. Concerned to reduce the 'crushing burden' of government spending on welfare, Richardson announced massive cuts to benefits and welfare services totalling \$1.3 billion (Kelsey 1993) - cuts made all the more galling by the government's simultaneous rescue of the financially crippled Bank of New Zealand, for the second time²⁶, with taxpayer funds to the tune of \$720 million (James and McRobie 1993:33). Included in the December package, to take effect in April 1991, were: Guaranteed Retirement Income and Invalids benefits to be frozen at 1990 levels; Family Benefit abolished; unemployment rates reduced, while the benefit stand-down period was increased from six weeks to six months; Widow's and Domestic Purposes Benefits were reduced by 9-16%; medical subsidies were cut and prescription charges trebled (Kelsey 1993:83).

In education, Labour had successfully embedded many of the structural changes endorsed by the National government. The most important policy proposal still outstanding, however, was bulk funding. Although Labour had been forced into deferring its implementation through the vigorous and sustained opposition of both the teacher unions and boards of trustees, in the 1991 Budget National indicated its intention to proceed with the policy. In his Budget statement *Investing in People, Our Greatest Asset*, Minister of Education Lockwood Smith announced the establishment of a three-year bulk-funding pilot scheme. While it is arguable that his own preference would have been for the policy to be imposed, the trial was clearly a compromise position intended to mitigate the enormous opposition by teachers and trustees that still existed. However, the gambit failed, resulting instead in renewed campaign of opposition from both the secondary teachers' union, the Post Primary Teachers Association (PPTA), and the primary teachers' union, the New Zealand Education Institute (NZEI) (*vide* Carpenter 1992).

The government's agenda in labour market reform was revealed as quickly as its intentions to dismantle what was left of the welfare state. Employer opposition to the Labour Relations Act 1987 had continued unabated and become more militant between the passing of the Act

²⁶ The BNZ had also been rescued by the Labour government in 1989 by a capital injection of \$600 million. In the investment frenzy following deregulation, the BNZ had become a key lender to the 'corporate cowboys' of the late 1980s.

and the election of National in 1990 (Walsh 1992). In response, National delivered an act, in May 1991, that completed 'the process of dismantling the industrial relations system established by the Industrial Relations and Conciliation Act 1894' (ibid:59).

The Employment Contracts Act (ECA) 1991 transformed the industrial relations environment in New Zealand. Whereas collective employment rights had previously been conferred on workers by virtue of trade union coverage, the ECA changed the nature of the relationship between capital and labour to one where rights were conferred on *individual* workers by virtue of their employment contract with their employer, and where separate industrial legislation was largely replaced by the contractual principles of common law (ibid). National awards and compulsory unionism were abandoned in favour of negotiations between individual employers and workers, who were 'freed' to negotiate on their own behalf or to nominate a bargaining agent of their choice. Under the Act unions ceased to exist, referred to instead as 'employee organisations', undifferentiated from any other representational body, and placed in the position of competing with each other and with non-union agencies for members (Kelsey 1993). Strikes were made illegal, except where a collective contract had expired. Collective awards, although permitted, were discouraged by the ECA - there was no compulsion in the Act for an employer to negotiate such an agreement. Conversely, and a further discouragement to collective coverage, the Act required bargaining agents to demonstrate their authority to bargain for each individual member - a time-consuming and costly process.

Conclusion

By the beginning of 1992, a conflictual environment had been created in the education sector, as elsewhere, shaped not only by the general reform programme undertaken in the wider state sector, but also by the specific education restructuring, which most significantly included the resumption by the National government of the policy to bulk fund teachers' salaries, and by the new industrial relations conditions created by the Employment Contracts Act. As outlined in Chapter VI, the hostility between the government and teachers that resulted from this complex background appeared, during 1992, to be intractable and without obvious solution. The SCG was to constitute a specific, and,

given the nature of the reform programme of the state sector, an uncharacteristic response to the impending crisis. Before examining the formation of the Schools Consultative Group, however, Chapter V outlines the research methods used and also some of the difficulties encountered in conducting 'political' research.

The Problem of Political Research

The state sector restructuring that has taken place in New Zealand over the last decade, as in other countries, has prompted increasing amounts of what Walford (1994) has described as 'researching up'. Educational research until recently has largely been focused on those with less power than the researchers - for example, children and teachers are typically the subject matter of this kind of 'researching down'. In contrast, however, 'researching up' involves an examination of those who wield considerably more power in the education system than the researcher. Ball's (1990) *Politics and Policy Making in Education*, Edwards, Fitz and Whitty's (1989) *The State and Private Education: a Study of the Assisted Places Scheme* and Whitty, Edwards and Gewirtz' (1993) *Specialisation and Choice in Urban Education: The City Technology College Experiment*, are all prime examples of this type of researching up¹.

Conducting research on situations or events in which key participants can range from Prime Ministers, Cabinet Ministers or senior government officials down to those whom Deem (1994) describes as 'the locally powerful' - occupants of key positions in local communities or organisations, councillors, business people, even school principals - is problematic. Indeed, as Walford (1994:3) again notes, this kind of research has several features that differentiates it greatly from most other educational research. The difficulties commonly experienced revolve mainly around issues of access to key participants and to sources of documentary information. The educationally powerful are able to exert sometimes complete control over access for interviews, the release of information and also its censorship - a problem likely to be intensified by the frequently politically sensitive subject matter of this kind of research.

This examination of the Schools Consultative Group falls into Walford's category of 'researching up' for two reasons, one intrinsic to

¹ See Whitty and Edwards' 'Researching Thatcherite Education Policy' in Walford (1994) for an account of the difficulties encountered while researching the Assisted Places Scheme and City Technology Colleges.

the SCG itself, the other intrinsic to my own position as researcher. Participants in the SCG clearly fit into Deem's category of the locally powerful - occupants of key positions within a variety of national education organisations - and the subject matter was, and still is, a matter of extreme political sensitivity. The SCG exists at the political level and is, thus, self-evidently 'up', with all the difficulties of access that entails. The second factor is the relative nature of power relations between researcher and researched. While the concept of 'power' is, in itself, problematic, as a *student* researcher occupying a much lower rung of the academic hierarchy, the power inscribed in such a position is significantly less than that, say, of an experienced senior academic or researcher. Not only was the SCG 'up', but the position of researcher was simultaneously 'down', as it were. The point I want to emphasise here is that the capacity exists for the former characteristic to be significantly amplified by the latter, and, in this research, may have been to some degree.

As outlined more fully in the introduction to this thesis, this examination of the Schools Consultative Group is a theoretical and empirical analysis of state relationships within the education sector in New Zealand. In the context of neo-Liberal state restructuring, the re-establishment of links with education 'interest groups' represented a significant and somewhat contradictory development. As discussed in the previous chapter, while New Zealand's post-war education 'settlement' was characterised, as were other public sectors, by a high degree of policy consensus, negotiation and union involvement in the policy-making process², the removal of vested interests from the policy arena and their active exclusion from involvement in the management of change was a central feature of the reorganisation of the state that occurred during the 1980s.

The emergence of the SCG, it was suggested, was due to the failure of government policy, both educational and industrial. It was a step back towards a weak form of corporatism characteristic of the old education settlement in order to solve specific political crises which had arisen as a result of the new neo-Liberal state form. The major initiative with which the self-management of schools would have been accomplished,

² For Example, Grace 1990; Kelsey 1993, 1995; Walsh 1993; and Oliver 1989.

the bulk funding of teachers' salaries, had, up to 1992, been effectively resisted by the two teacher unions. In addition to this, the new industrial relations environment prevailing in education, as in other sectors, had been reformulated by the Employment Contracts Act 1991. Disputes over wages and conditions of employment, an industrial interpretation of the bulk funding debate, were no longer subject to state mediation or arbitration. Indeed, the mechanisms by which such a conflict might have been resolved had been restructured out of existence. Thus, the settlement of industrial disputes in education, as elsewhere, were no longer part of the function of government and were, thus, to be played out in the public arena.

As is the case in a great deal of political sociological research, the essentially political, as opposed to educational, nature of the Schools Consultative Group proved to be the most significant factor throughout the research process. While disbanded by October 1994, access to information regarding its operation did not improve because the conditions which determined the context of the SCG continued to exist beyond its demise. Indeed, immediately following the ending of the SCG, the Minister of Education established another consultative group, the Ministerial Reference Group, whose terms of reference were to consider, yet again, mechanisms to deliver teachers' salaries to schools. Thus, the education politics in which the SCG was embedded, and which continued beyond the term of the group, overwhelmingly determined access to information, underpinned the decisions of SCG members', both representatives of education groups and government agencies, to participate in interviews, and also shaped the responses of interviewees that would become 'public' through this research.

The politics of the SCG was a significant factor in the decision to make the focus of the research an examination of the SCG as a systemic, structural event. As a way of avoiding a highly individualised and idiosyncratic interpretation of the SCG, a 'Days of our Lives'³ approach to political research, the more theoretical orientation was an attempt to minimise becoming enmeshed in what Dale (1992) has described as 'education politics' as opposed to the 'politics of education'.

³ A somewhat over-wrought American daytime soap opera.

In this chapter, some of the issues raised during the research process will be outlined, particularly those that relate to the sources of information utilised and the problem of access to written records. Before doing so, however, consideration needs to be given to one of the major issues in sociological research - bridging what has become known as the 'macro-micro' gap (*vide* Ozga 1987).

Bridging the 'Macro-Micro' Gap

As Hargreaves (1985) notes, this term has become shorthand for what is, in fact, a multi-dimensional problem. It has been used to refer to the gulf between 'grand theorising' on one hand, and 'the retreat to empiricism' on the other - in other words, the relationship of explanatory theory to evidence. It has also come to refer to the theoretical difficulties of integrating macro-level perspectives with micro theory - similar to, but not quite the same as, reconciling structure and agency⁴. Its third permutation within the sociology of education has been as representing the distinction between school and society.

The 'macro-micro' distinction has been responsible for establishing, in some instances, a misleading assumption that there is necessarily a direct connection between the two. According to Dale (1994:37), research in which political processes are taken to translate directly into education practice is underscored by this assumption - research in which education policy is 'read off' directly from political changes. As noted again by Hargreaves (1985) and also by Dale (1994), the gap between social structure and individual interaction is impossible to bridge without the use of what Merton (1967) termed 'theories of the middle range'.

Corporatism, in the context of research on the SCG, was employed for two reasons. Firstly, postulating that the SCG might be a corporatist-type body clearly required some consideration of this theoretical perspective on state-interest group relations. The second reason was to avoid the difficulties of 'grand theorising' outlined in Chapter I. The utility of approaching a systemic event such as the SCG with a state-

⁴ For instance, Hargreaves notes that an event such as conversational turn taking, something that occurs clearly at the level of individual agency, is subject to structural constraints.

theoretical framework pitched at the level of understanding the entire political edifice and its relationship to capital is dubious at best, and the need to mediate the links between the SCG and the political system, broadly construed, is obvious. The need for middle-range concepts is demonstrated unequivocally when researching the articulation of the state and civil society.

Key Actors and Sources: the Problem of Access

The sources of information available concerning the establishment and operation of the Schools Consultative Group were characterised by a very high level of selectivity. While not a unique experience in the realm of sociological - or, for that matter, any other - research, the extent to which information concerning the SCG was 'filtered' was significant, and considerably exacerbated by the political nature of the group itself, by the issues it considered and its mode of operation.

As will be outlined more fully in the following chapters, the removal of educational conflict from the public gaze was a crucial function of the SCG. For example, the operating protocols observed by members of the SCG specifically prevented them from commenting publicly on the work programme of the SCG or on the content of internal discussions (see Chapter VII). All public pronouncements concerning the group were made by the chairperson, John Anderson, and only when he deemed it necessary. The information concerning the work of the SCG was deliberately and strategically 'privatised' and was, thus, highly amenable to control and screening. Two key censors of documentary sources were the Minister of Education and Patricia McNeill⁵, a member of the secretariat to the SCG.

Personal Interviews

The dearth of documentary material meant that information derived from personal interviews took on added importance. Although a strategy frequently utilised to provide a voice for the disempowered and disenfranchised, the interviews with SCG members were not intended to function in this manner. As Ball (1994a) points out, interview data serves the dual purpose of providing evidence as well

⁵ While correspondence concerning this research on the SCG was directed to John Anderson personally, all responses were made via Patricia McNeill. In the whole research process, there has been no direct contact with Anderson himself.

as background information for research. In this instance, interviews were to be a major source of background material on the life of the SCG. Where relevant, direct quotations from the interviews would be used when of particular interest but, as will be seen in the following chapters, employed only sparingly.

Invitations to participate in the interview process were issued to all individuals who appeared on the membership list supplied by the SCG secretariat. This list included representatives of the constituent groups as well as the government officials who attended the meetings. All invitations to government officials were declined - some more politely than others. The reason given by all officials was that, as members of the SCG as observers and advisors and, it was inappropriate to discuss their role on the group. Interestingly, and discovered only after the release of documentary material from the SCG, this was not actually their official role; government officials were active participants in much the same way as representatives from education sector groups. While an interview was almost agreed to by Judith Aitken, Chief Executive of the Education Review Office, when contacted to arrange the details of the meeting in Wellington, I was informed she no longer had the time - this was in October 1994. Although I attempted to arrange an alternative meeting - my suggestion was any time during 1995 - the response was the same. She clearly had a very busy schedule. John Anderson, too, declined on the grounds that, as the minutes of the meetings were already a matter of public record, everything of interest was, by implication, available for scrutiny. He noted:

My own role was purely Chairman of the Schools Consultative Group and as all the matters covered at the meeting are contained in the minutes, it is not necessary or appropriate for me to then carry out an interview covering that material (personal correspondence 3.5.95).

Again, discovered subsequently, Anderson's role was hardly restricted to 'purely' chairing meetings.

In comparison, most of the representatives of groups making up the SCG were happy to be interviewed. Ian Simpson, President of the Secondary Principals' Association, however, could not participate due

to ill health. Others, though, were not so forthcoming; for instance, Les Maxwell of the School Trustees Association did not respond to several requests for an interview. Jan Kerr, of the Independent Schools Council, refused to participate on the grounds that 'it was not profitable' - quite what constitutes 'profitable' in this context was unclear. Iri Tawhiwhirangi, on the other hand, after repeated telephone and facsimile messages, advised, via an associate, she would not be in Wellington on the dates suggested and no alternative times were offered.

The Written Record

(a) SCG Minutes and Correspondence:

The written record of the work of the SCG was selective both in its release as well as in its compilation. In spite of John Anderson's claim that the minutes were a matter for public record, in practice this proved not to be the case. After requesting access to the minutes, a request Anderson diverted to Patricia McNeill, a selection of only those relating to full SCG meetings was released - eleven meetings in all. The minutes for the sub-groups, where the bulk of the work took place, were omitted. Although there was one accidental acquisition of minutes for a sub-group meeting - as an attachment to a report tabled to a full SCG - repeated requests to McNeill to release both the missing full group and sub-group minutes were ignored.

Released with the minutes of the meetings were copies of the major reports produced by the SCG, some discussion papers prepared by various participants of the group as well as various items of correspondence, mostly that of Anderson and the Minister of Education. These latter documents also indicated a considerable degree of censorship. While most letters were simply acknowledgements of information exchanged or notification of extensions to deadlines and so on, some correspondence was issue based and of no small interest in terms of the work and operation of the group. Crucial letters in which instructions were issued, questions responded to, etc, were not included. For example, in the early part of 1993, Anderson had cause to dispense with the original secretariat of the group, comprised largely of government officials from the Ministry of Education, the State Services Commission and the Education Review Office. What provoked their replacement was the matter of some discussion between the Minister

and Anderson - as indicated by the content of other correspondence - yet the correspondence related to this matter was not released.

While the documents available were certainly released 'judiciously' by Patricia McNeill, the nature of the documents themselves presented a selective account of events. Four hour meetings would yield two pages of information - one page of which would be devoted to listing attendees, apologies and to accepting the minutes of the previous meeting. For example, the position of the SCG in relation to the government's intention to introduce the Salaries Grant for Management was recorded in the minutes of the second meeting held in November 1992, after what must have been at the very least 'a frank exchange of views', thus:

SCG will not issue any statement about the Bill as it passes through its legislative process. SCG has no opinion on the issue.

It seems quite clear, given that the minutes of full meetings were the 'public' face of the proceedings of the SCG as well as the obvious sensitivity of the issues being discussed, the information disclosed by them would be brief.

Added to difficulties presented by the brevity of the written record are questions regarding its precision. Towards the end of its existence, some members had cause to raise this issue formally at a full SCG meeting. There were concerns that the record did not accurately reflect the content of the discussion that had taken place. In this particular instance, over the recording of members' views on bulk funding at a time when sheer weight of numbers was being used as a strategy to force the SCG into adopting a supportive position on the issue. While the minutes were 'filtered' for a variety of reasons, questions regarding their accuracy was politically motivated, underscored by a particular view of the process of decision-making, and more concerned with opposition to the *kind* of filtering taking place, not the filtering *per se*. The secretary recording the minutes, an ex-PPTA staff member, was perceived, by some, to have a more sympathetic view to the opponents of bulk funding and was supposed to have demonstrated this by

recording biased minutes. Whether the question of bias would have been raised if it was in favour of bulk funding is a moot point.

While objectivity in the recording of events has long since been exposed for the myth it is, this issue raises more general questions about the nature of documentary evidence as a whole. As is aptly demonstrated in the case of the SCG, the record of any event is authored by individuals who adhere to particular views of the world and which may be, explicitly or implicitly, designed to serve particular purposes. What this necessitates, therefore, is the consultation of a variety of sources of information. However, the two major avenues of data on the SCG - material obtained from the Ministry of Education under the Official Information Act and personal interviews of members - were themselves the subject of censorship and selection.

(b) The Official Information Act:

The paradox of requesting material under the Official Information Act is the need to know what exists in order to request it - or, at the very least, be able to formulate a query of sufficient scope to net the relevant documents and to know which government agency it is most useful to direct it. Armed with this knowledge, an open-ended request was formulated that appeared to be quite comprehensive⁶:

[material relating to] background documents or Ministerial Briefing Papers that were prepared either prior to, or at the time of, the establishment of the SCG in 1992 that are relevant to its formation and/or operation, and any other papers that may be related.

In response, the Ministry of Education responded, as required by the Act, detailing the charges to be incurred by the request: approximately four hours to search for and photocopy relevant material, a procedure charged out at the rate of \$28 per half hour or part thereof, plus photocopying. As a student surviving on a student allowance, the charges involved were not insignificant. In fact, it was decided not to

⁶ In retrospect, it appears naively optimistic to assume that the Ministry of Education would take note of the final clause of the request, and forward 'any other papers that may be related' without a specific request. The MOE and/or the Minister were impervious to this 'trawling' technique.

pursue the inquiry simply on the grounds of cost. However, the value of educational networks came into their own, with a Ministry contact able to action the request as a low priority in return for not being charged search fees. In the normal course of events, Official Information Act requests are required by law to be actioned within a maximum of 20 days from receipt of the query. As it was, this particular query took five months. While some delay was anticipated in return for not charging, even this length of time appeared a little excessive.

While it was not treated as an official request for charging purposes or speed of response, its status quickly reverted back to an official request with the Minister of Education withholding some of the information unearthed by his Ministry. Under both the Official Information Act and the Privacy Act 1993, the Minister is entitled to withhold the names of individuals identified in the material unless 'outweighed by other considerations which render it desirable in the public interest' to make them available (personal correspondence). And in the information released, the material had been edited to prevent the identification of those individuals being considered as prospective members or as chairperson of the SCG.

It was somewhat surprising to find, however, that a four-hour search yielded only three letters: two from Ministry of Education officials and one co-authored by the MOE with an Assistant State Services commissioner. At potentially \$75 per letter, this could have been expensive research, and certainly not a procedure to be repeated with other government departments involved in the SCG such as the Education Review Office, the Department of the Prime Minister and Cabinet or the State Services Commission. It appeared, perhaps, that more than names had been withheld. That this might have been the case was suggested when other information, also obtained under the Official Information Act from another source, was forwarded to me containing Ministry advice regarding the future of the bulk funding trial - an issue that clearly impinged on the operation of the SCG.

As with the minutes of the SCG, information obtained under the Official Information Act might also have been subjected to extensive filtering. Clearly discretion is exercised over the release of information

at the political level, particularly where the release of the names of individuals is involved and where, thus, the aim of the Official Information Act to release information clearly contradicts the provisions of the Privacy Act, the purpose of which is to prevent release. However, the view implied by material obtained from the Ministry of Education, that so little correspondence or so few briefing papers were exchanged by government officials over the whole issue of the establishment, membership and operation of the SCG, appears entirely implausible. What was obtained was extremely revealing, and therein lies the cause of censorship. What official material actually exists concerning the SCG, though, there is no way of knowing.

The Process of Interviewing

The shortcomings of interviews as a source of data are well documented (*vide* Yin 1994) - information or insights obtained are only as good as the questions asked, the accuracy of individual interpretation or recall of events, and so on. Using interviews as a source of background material, however, had the advantage of encouraging some interviewees to discuss the SCG more frankly than might have been the case if their personal views had been openly and directly solicited as evidence to be used publicly and extensively⁷. Although not a deliberate research strategy, the 'apolitical' nature of many of the questions asked might have encouraged some interviewees to involuntarily divulge quite 'political' responses.

The nature of the exchanges, too, might have encouraged this frankness. Out of nine interviews, seven were conducted in person or over the telephone; two interviewees, at their suggestion, were sent a list of questions to which they audiotaped their responses. While questions were formulated prior to the personal interviews, they were conducted in a more conversational and less structured style than a simple 'question and answer' format. This had advantages and disadvantages. A clear benefit was an avoidance of the rather stilted and unnatural character of simply interrogating interviewees with a list of questions. While I had a clear idea of the material to cover over the course of the interview, it was revealed more by letting the

⁷ One SCG participant took exception to this process, and implied it was a deliberate strategy to prompt indiscreet responses.

interviewee speak, sometimes at great length, without interruption, than by adhering to a pre-formulated schedule. It required active engagement with the interviewee in the exchange; it was not simply a case of listening to their responses when transcribing the interview later. As such, it was a much less formal and much more interactive approach.

The disadvantage was that each interviewee, while being asked approximately the same kinds of questions, were not all interviewed in the same way or asked to respond to the same issues. This resulted in a lack of uniformity in the interview data when it came to be analysed later. A further disadvantage was the lack of control over responses that unstructured interviews generate. With a question and answer format, the turn-taking between participants is more formalised. However, the more conversational approach gave some interviewees too much freedom to range discursively over a variety of educational issues - only some of which were relevant to the research although this happened only rarely.

A further disadvantage was the need, as the researcher, to be 'on guard', as it were, for questions from interviewees concerning the responses of other SCG members. This happened once or twice, and may have been encouraged by the informality of the interviews. Such questions from the interviewees were a salutary reminder that the interviews were, in fact, governed by the usual ethical constraints on research data gained in this way. Such probing for other participants' views demonstrated, too, the continuing political importance of what happened within the SCG, and was a reminder that the context of struggle over the issues considered remained.

Ethical Considerations

Interviewing SCG members in their capacity as representatives of public organisations did not require the same sort of ethical considerations as interviewing them as private individuals⁸. However, when they were approached initially for interviews, information concerning a number of ethical issues were included with

⁸ For example, prior to conducting the interviews, it was not necessary to seek the approval of the University's Ethics Committee.

the short summary of the research proposal. These covered: the confidentiality of the material, the interview procedure itself, the use to which the information would be put and withdrawal from the research (refer Appendix I). In addition to this, prior to being interviewed, the purpose of the interview and how it would be used was reiterated, as was the invitation to decline to respond to particular questions.

None of the participants expressed a particular interest in seeing completed transcripts as originally suggested in the contact letter. In light of this, it was decided to send only those parts of the interviews to be used directly back to participants for comment. This was done not only to reduce the time involved for interviewees, but also to avoid disputes over material that would not be used as attributed direct quotations in the text of the thesis.

Once the substance of the chapters concerning the SCG had been completed, transcripts of all direct quotations (with sufficient context to make them intelligible) were forwarded to each individual participant for their comment and approval. The only modification required for the majority of participants was that quotations be made more grammatical, as they had been used verbatim from the text of the interview. Only one interviewee requested that material be removed entirely, having been used, in their view, in an intemperate manner. In the text of the chapters, footnotes have been used to indicate where material was removed at the request of the interviewee.

Responses received from two interviewees were quite problematic, and demonstrated a concern with 'image management' that is probably characteristic of all research on political issues. In order for interviewees to make sense of how their interview quotations were to be used, they were sent portions of the text accompanying the quotes. When returned, however, as well as the content of the quotations being amended, the content of the accompanying *text* had been modified by the interviewees to reflect a slightly more sympathetic view, putatively that of the researcher, towards the associations and views being discussed. The suggested alterations to the text were partially accommodated only insofar as they related to the presentation

of the view of the sector group in question; where the view of the researcher was being modified, the alterations were ignored.

Additional information was obtained from individuals involved with the various sector groups represented on the SCG, and who were well-informed regarding the involvement of their group. This material was not solicited by interview, but was obtained informally over the course of the research, and usually in relation to specific, more 'politically sensitive' aspects of the group, issues to which members formally interviewed could be expected to have given 'political' responses. Given the often frank nature of the information obtained from these informal sources, these individuals were not identified by name, at their request. Material derived from such sources is indicated by footnotes. Although the concealment of sources of information is a delicate issue, the continued involvement of these individuals in the education sector generally, and with the various interest groups particularly, anonymity was a necessity.

The Political Environment 1992

The Schools Consultative Group was formed in October 1992, a year in which the relationship between education sector groups and the government plunged to new depths. For the teacher unions particularly, opposition to various aspects of educational reform had been building over a number of years. At the same time, the government, and the Minister of Education in particular, was clearly frustrated by the lack of progress in implementing the final policy measures to achieve desired levels of school self-management. While relations between various parts of the education sector and the state had begun to deteriorate prior to the implementation of *Tomorrow's Schools* in 1988¹, three specific events brought tensions to a critical point in 1992: the negotiation of the teachers' collective employment contract under the new Employment Contracts Act; the announcement in July of the government's intention, from 1993, to bulk fund the salaries of senior staff - the Salaries Grant for Management (SGM); and the commencement of the voluntary salaries bulk funding trial at the start of the 1992 school year.

Contract Negotiations

Negotiation of teachers' collective employment contract was extremely volatile, due largely, according to the PPTA, to the National government's attempts, under the auspices of the new Employment

¹ From the perspective of the PPTA, the beginning of the breakdown in their relationship with the government occurred with the rejection of their post-wage freeze pay claim in 1985-86:

'It was a deal that was negotiated between us, Russell Marshall and David Caygill when they were Ministers of Finance and Education respectively....We thought we had negotiated a deal, we certainly shook hands, prior to Christmas 1985. The deal was to be ratified by Cabinet by its first meeting in 1986, and at that first meeting when we didn't hear from either of those two ministers until very late in the afternoon we began to wonder what was going on. Essentially, Cabinet didn't ratify the deal....[The breakdown] became confirmed later in the year by a number of initiatives: there was the State Sector SOE reform bill, there was an instruction given to the Department that the government wanted uncontaminated advice, so the Department stopped seeking advice, and so on. (Bunker, PPTA General Secretary, interview 6.10.94).

Contracts Act, to 'savage conditions' (Bunker, interview 6.10.94). The contract round, which commenced in March 1992 between the State Services Commission (SSC) and the Education Sector Union², was particularly bitter, protracted and according to Jesson (1995:434), clearly revealed that 'the agenda of the [State Services Commission]³ was about extending the "flexibility of a free labour market" to include schools and State cost cutting.' The Minister of State Services, Bill Birch, made the position of the government absolutely clear in a speech to education sector employers in March prior to the commencement of negotiations: there would be no additional funds for pay increases - pay rises, if any, would be funded through 'productivity improvements'. Nor did he expect the existing national award document to be renewed; it was an 'outmoded industrial practice' that needed to be dispensed with, and he accused the unions who supported collective bargaining of wrecking the school system (Birch 1992).

Throughout the negotiations, media campaigns and confrontational posturing by both the government and the teacher unions contributed to a significant deterioration in their relationship. By mid-June, negotiations between the unions and the SSC had broken down, largely over attempts by the government to introduce individual contracts and performance-related or 'merit' pay. In response, the unions threatened rolling stoppages and limited co-operation with the new Curriculum Initiative. The Minister of Education (The Press 26.6.92) accused unions of:

...misusing their powers by disrupting the education sector, falsely representing the issues, refusing to support positive change and attempting to preserve self interest instead of quality education.

² An alliance between the PPTA, NZEI and CECUA established in 1991 for the purpose of mounting a united campaign against bulk funding. It was used to present a joint approach at the contract negotiations although each union still negotiated separate agreements (Jesson 1995:433).

³ For the purposes of collective contract negotiations, the State Services Commission was the employer party.

After securing a commitment from the SSC to roll over their existing contract beyond its expiry while negotiations continued, the NZEI called off their intended strike action on 26 June. By the end of July, after the threat of further stoppages, settlement was finally reached. The PPTA could not reach agreement with the SSC, however, and marked the expiry of their contract on July 1 with industrial action in a series of one day stoppages around the country. According to Birch, the PPTA were 'a backwards-looking union losing credibility' (The Press 1.7.92), and, in a joint statement with the Minister of Education on 9 July, declared that 'the days of vested union interests dictating to the government' were over (ibid 9.7.92).

Salaries Grant for Management

Either as a direct provocation, or with singularly inept timing, the Ministers of State Services and Education jointly announced their intention to bulk fund the salaries of senior teachers from 1993 in the midst of strike action by the PPTA. Prompted by a 'premature leak from the bureaucracy' (Jesson 1995:440), details of the proposal were released at an urgent government press conference on 7 July. The proposal, subsequently submitted to the House as the Education Amendment (No.5) Bill, stipulated that from May 1993 teachers who occupied designated senior positions would be paid from grants to be given directly to Boards of Trustees, a scheme called Salaries Grant for Management (SGM).

Outraged by the lack of consultation over the proposal, the New Zealand School Trustees Association (STA)⁴ and the two teacher unions were united in their opposition. The STA was particularly concerned as the policy effectively made school trustees directly responsible for decisions taken by the government regarding future levels of funding. The teacher unions shared the STA's concerns but

⁴ The national representative body for school trustees. Under the devolved system of teacher salaries, the STA would be the equivalent of an employers' association. However, with the continued central payment of salaries in the education sector, the State Services Commission undertakes the role of employer party in collective contract negotiations. While funding for the STA derives from membership fees levied on individual school boards, it is also contracted by the Ministry of Education to perform specific functions, for instance encouraging individuals to stand for election to boards, running the elections and providing post-election training for new trustees (Wylie 1991).

were also aggrieved because senior positions were, at this time, still under negotiation with the SSC in the contract round. In response, the STA called for the government to withdraw the bill containing the SGM proposal, while the PPTA imposed the threatened moratorium on the implementation of the Curriculum Initiative and organised another round of rolling stoppages for 27 July (Manson 1992:329-31). The Minister of Education was unmoved, however, and declared that 'no industrial action will make me buckle', considering the PPTA's intention to strike 'stupid' (The Press 24.7.92). In retaliation to the PPTA curriculum moratorium, the Minister refused to attend their annual conference in August, claiming he was not prepared to speak with the union 'until they pull the guns away from our students' heads' (The Press 26.8.92). By 27 August, however, he had been persuaded to change his mind - not though, the public were assured, at the behest of the Prime Minister (The Press 27.8.92)⁵.

Yet by the beginning of September, the PPTA retreated from the curriculum moratorium without, it seemed, having gained any clear commitment from the Minister that the government intended to drop the SGM proposals. According to a press report at the time, the PPTA settled instead for inclusion in a consultative group set up 'by school trustees and government to consider funding' (The Press 7.9.92) - the Schools Consultative Group. For the rest of September and throughout October, the retaliatory campaign previously conducted through the media was notable by its absence. On 3 November the government suddenly announced that the implementation of the SGM was to be delayed for a term, citing 'administrative reasons' for the postponement. According to the Minister, 'by giving schools more time to prepare for the SGM its education benefits [would] be more pronounced' (The Press 3.11.92).

The Education Amendment (No 5) Bill arrived back in the House of Representatives on 11 November virtually unchanged, and brought with it a renewed round of opposition from within the education

⁵ According to Jesson (1995:449), the Prime Minister was informed, through behind-the-scenes contact with 'influential members of the National Party hierarchy', that the Minister's behaviour over this issue was entirely inappropriate. Bolger compelled Smith to attend. The 'influential member' in contact with the Prime Minister was none other than John Anderson, later appointed as Chairperson of the SCG.

sector. The PPTA immediately placed a ban on co-operation with the government over the SGM proposal and president, Martin Cooney, considered withdrawing from the Schools Consultative Group in protest (The Press 20.11.92). The NZEI responded with a proposal to ballot members to ascertain support for their own curriculum boycott. Later in November the PPTA, in addition to non-co-operation, confirmed the curriculum moratorium⁶. In December, the NZEI did likewise.

Bulk Funding

Perhaps the most important backdrop to events occurring during 1992 was the bulk funding trial. Bulk funding of teachers' salaries was the most contentious of the major policy platforms deemed necessary for school self-management and had been, up to 1991, trenchantly and successfully opposed by both the NZEI and the PPTA. The STA's position on bulk funding, as Gordon (1991:45) notes, was 'rather more muted', despite the opposition of the majority of their members to the policy⁷. Trustees had been advised by their president at the time, Graye Shattky, to 'stay neutral' until clear government guidelines for its implementation were released (Gordon 1991:45). It appeared that the STA were concerned with the administration of the policy, rather than the policy *per se*, leaving open the possibility of STA support for the scheme if the administrative pitfalls could be overcome (*ibid*).

Since bulk funding had been adopted as government policy in *Tomorrow's Schools* in 1988, however, vigorous union opposition had been an ongoing feature of the debates concerning education. In January 1991, the Ministry of Education released a preliminary report outlining the main points of the bulk funding policy, indicating the government's intention to proceed with its implementation, a process to be undertaken either by 'trialling' or 'phasing in' (Ministry of Education 1991)⁸. In the budget of that year, in spite of the teacher

⁶ This was later lifted on 18 December in a bid to settle their collective contract (The Press 18.12.92).

⁷ A NZ Council for Education Research survey conducted in 1990 showed 79% of trustees were opposed to bulk funding, 11% unsure and 9% in favour (Wylie 1991:176).

⁸ According to the MOE, bulk funding was a 'very major step' towards completing self-management of schools. As such it was politically a high risk. Implementation would, therefore, need to be 'gradual and careful' (Gordon 1991:45). The difference between the two modes of implementation lay in the ostensible commitment to be demonstrated

unions' extensive campaign of opposition to the policy⁹, the government confirmed its commitment by announcing a bulk funding trial, with participation to be determined on a voluntary, opt-in basis. By October 1991, when it became clear very few schools would participate, the deadline to opt in was extended to November. The trial went ahead at the beginning of the school year in 1992, the opposition evinced by the lack of interest notwithstanding, with only 62 out of almost 2,700 primary and secondary schools choosing to participate (Carpenter 1992:183).

Whose Idea? - Variations on a Theme....

Attributing the initiative for the Schools Consultative Group to any one individual or organisation is a complex exercise. From interviews with various SCG members, however, it was clear there were a number of candidates willing to claim the proposal as their own. In one sense, the idea of establishing a forum in which education sector groups participated to consider future policy directions was hardly novel. Regular consultation and interaction between the former Education Department and sector groups had been the *modus operandi* in education prior to the ascendance of provider-capture¹⁰ arguments in the mid-1980s. So as an organisational form, a sector-wide consultative group was an historically legitimated strategy - and one that had been consistently called for by the teacher unions. Overall, though, four different perspectives were discernible concerning the source of the idea for the SCG.

by the government and the education sector. Trialling did not require a firm commitment to the policy, whereas phasing in did.

⁹ The only opposition to bulk funding acknowledged in the 1991 Budget education policy statement, however, was that of the school trustees.

¹⁰ The exclusion of education sector groups from input into government policy applied only to those groups who were opposed to the direction of education restructuring - most obviously the PPTA and NZEI. Other groups, such as the Association of Integrated Schools, headed by Pat Lynch, still had access to the Minister over the period of major restructuring in the late 1980s as well as throughout the early 1990s when communication appeared to have broken down completely between the Minister and the unions. In fact, the input of certain groups which previously had no claim to policy input was actively sought from 1992 onwards in order to bolster support for government policy.

The first attributed the impetus for its formation to Les Maxwell, who in 1992 was the newly-elected president of the STA¹¹. While the teacher unions had always argued against their general exclusion from policy development and the management of change, and thus were always advocates of a return to consultative forums, it was Maxwell who was responsible for approaching the Minister of Education and suggesting that the SCG be established. Indeed, the reporting of the intention to form the SCG confirmed that, publicly at least, its establishment was the combined effort of both the government and the School Trustees' Association (The Press 7.9.92).

There were clear parallels being drawn at this time by the STA, and also the PPTA, between the difficulties the National government had faced with the mass protests at the increases to the National Superannuation surcharge¹² contained in the 1991 budget, and the conflict occurring in education over bulk funding. The establishment of a multi-party Superannuation Accord, designed to find a consensus solution to the problem of superannuation, was a potential model for the resolution of conflict in the education sector that 'shone like a beacon' (Cooney, in The Press 19.11.93). As a result of Maxwell's approach to the Minister, discussions took place between Maxwell, Smith and the Minister of State Services, Bill Birch, to find 'ways in which groups such as NZSTA [could] have a more significant input into government's consideration of school funding issues' (O'Rourke¹³ to Smith 30.9.92). The outcome of these discussions was the decision to form the Schools Consultative Group.

A second perspective on the origin of the SCG identified the Minister of Education as initiator of the group - a view he promoted. Prompted by the need to advance the reform of education, which up until 1992 had been resisted by the teacher unions with varying success, Smith

¹¹ Unfortunately, Les Maxwell did not respond to several requests for his input into this research and was, thus, not able to confirm this version of events.

¹² The tax rate on superannuitants' personal income designed to claw back government superannuation. Introduced by Labour in 1985, state-provided pensions fully abated at \$71,000 for married couples and \$43,000 for a single person. In the 1991 budget, National lowered the income thresholds for full abatement to \$23,700 and \$16,200 respectively. The outrage this measure provoked from superannuitants forced the government to back down. From 1992 the income levels were modified to \$54,940 and \$35,908 (Kelsey 1995:289).

¹³ Maris O'Rourke was Secretary for Education at the time.

established the SCG in order to break through the impasse that had been reached. In his 'State of the Nation's Education' speech to the Wellington Central Rotary Club he observed:

As it turned out, 1992 was not a good year for education in New Zealand. The mistrust between the government and the teacher unions...did not dissipate. If anything it intensified, and by the end of the year I realised there was a need for a new approach in the management of change.

Associated with this view are clear images of the Minister as the, by then, frustrated voice of reason and advocate of progress in education understandably losing patience with the recalcitrance and short-sightedness of the 'cloth-capped' teacher unions. Not surprisingly, Smith was promoting this view as recently as February 1996, claiming, in response to a letter from the President of the PPTA, Martin Cooney, that he was personally responsible for the establishment of the SCG.

The involvement of Lockwood Smith, as Minister of Education, in the formation of the SCG can scarcely be disputed. There is, however, very little evidence to suggest that he actively sought, was pivotal in or supportive of, its establishment. Indeed, what evidence there is concerning the Minister's involvement would suggest a quite contrary view. As a perspective on the SCG's formation, then, this view perhaps demonstrates more about the extent to which history can be reconstructed in a politically more complimentary light than it does about the actual role the Minister played.

There is a third view of the formation of the SCG which could most usefully be described as the 'kingmaker' perspective of the PPTA. According to this view the PPTA were responsible, not for the specific initiative to form the SCG, but rather the shaping of the environment in which the establishment of an SCG-like forum was the only sensible outcome. With a strategy that took full advantage of the PPTA's dual role as both union and professional association, they pressed the Ministers of Education and State Services for a collective process at the political level through which the various disputes in the education sector could be settled in a professional manner, while simultaneously

conducting a campaign of militant industrial action. This was a deliberate strategy adopted by the PPTA to attract support for their actions. It was a strategy designed to make the developing conflict in education appear the outcome of the Minister's intransigence in the face of their reasonable requests for 'professional' involvement, and thereby make Smith look responsible for the hostilities.

As part of the process of creating a suitable context for the formation of the SCG, the PPTA was instrumental in encouraging the idea of an SCG-like forum with Les Maxwell. According to the president at the time, Martin Cooney (interview 27.10.94), the PPTA maintained a high level of communication with the STA, with the explicit strategy of:

pushing [the idea] into them all the time - 'can't we have a group to deal with [bulk funding] like they did superan, can't we treat bulk funding like...isn't it like superannuation'. So while we had no direct influence...

There is a fourth, implicit, perspective on the formation of the SCG, related more to the political environment at the time, and one which sheds some important light on the role of the Minister of Education. According to this view, the SCG was not established at the explicit behest of the Minister, but was imposed on him by the Prime Minister, Jim Bolger, and the Minister of State Services at the time, Bill Birch. According to Kevin Bunker of the PPTA, Smith, by mid-1992, was prepared to heed advice given to him by his Ministry and simply impose bulk funding, in spite of the conflict the policy was generating. Bolger and Birch, however, were concerned that the consequences of friction in the education sector would be reaped electorally if bulk funding was implemented this way; a general election was barely twelve months away and reforms in other sectors were also generating considerable electorate hostility. The Prime Minister was known to be particularly angry, too, that the Salaries Grant for Management had been introduced in his absence; at the time he was overseas attending a South Pacific Forum meeting (The Press 27.7.92).

These issues concerning political legitimacy were alluded to by both the PPTA and the NZEI. The involvement of the Prime Minister was

demonstrated, it is claimed, by the appointment of John Anderson (later Sir John Anderson) as chairman - who, at the time of the formation of the SCG, was Chief Executive of the National Bank of New Zealand, 'dissident member of the NZ Business Roundtable' (Jesson 1995:451), member of the Prime Minister's Enterprise Council, influential member of the National Party and close personal friend of the Prime Minister. It is fairly clear, too, that from what little official information is available from the Ministry of Education, the involvement of senior members of the government other than Lockwood Smith, in particular Jim Bolger and Bill Birch, was quite extensive and most unusual. Indeed, the PPTA and the NZEI representatives negotiated their participation, as well as the terms of reference for the SCG, directly with Birch.

While this view relies rather heavily on the personal perceptions or speculations of those involved in the formation of the SCG, it could be considered in this context as the *informed* reflections and impressions of individuals closely involved at the political level with the restructuring in education. Given that this view reflects negatively upon the Minister of Education, if any corroborative evidence existed, it is not likely to ever see the light of day.

SCG Appointment Process

Chairperson: John Anderson

The process of appointment of the chairperson to the group is not particularly transparent. What is clear, though, is that John Anderson was not top of the list of preferred candidates of any MOE or SSC officials who sought to lobby the Minister of Education for their choice of chairperson. The thrust of advice to the Minister regarding the selection of chairperson was that, given the 'large and diverse nature of the group an independent chairperson would seem desirable' (O'Rourke to Smith 30.9.92). Detailed in Appendix C of this letter were suggestions for where such a candidate might be found. The first option was an Associate Minister who would be able to ensure government policy was 'understood' by the group. Unfortunately, the drawback of this option was the possibility that this person might be compromised by potential opposition to government policies that may be articulated by the group.

The second option, judging by the positive language it was couched in, appeared to be the option most favoured by the Ministry of Education: a former senior government official. The obvious benefit of this option was that 'such a person would understand the government process, and *take direction from you*' (emphasis added). For the Ministry, not surprisingly, there was nothing to detract from this option. The third option was for a community figure, someone 'involved in education administration, but not schools'¹⁴ (ibid). John Anderson was the only nomination identifiable in this category; the rest were deleted¹⁵. The positive aspect of this option cited by the Ministry was the high profile such a chairperson might bring to the group. The negative aspect, however, was the potential that such a person 'may be less inclined to follow your [that is, the Minister of Education's] direction' (ibid). The fourth and final option was an independent consultant, on which the Ministry of Education had little to say, although the language used was revealing; this option was labelled a 'complete outsider'.

On the 6 October 1992, the Ministry of Education and State Services Commission made a further joint eleventh-hour bid to the Minister of Education for the appointment of a current or former senior government official. Indeed, this was the only option presented for the Minister's consideration. While the names of these possible candidates were all deleted from the official documentation, a further letter on 12 October from the MOE to the Minister indicates that two of the people on the list suggested by officials¹⁶ had, in fact, been approached to ascertain their availability - an approach approved by both Smith and Birch. Neither were available, however. Given the unavailability of the two preliminary candidates, officials suggested the next step should be to consider an *ex-official*. Failing this, their second

¹⁴ John Anderson is, in fact, chairperson of Wellington College's board of trustees. Presumably this advice was intended to exclude anybody who might have a teaching background.

¹⁵ The release of any names other than Anderson's was, according to the Minister 'not in the public interest'.

¹⁶ It is not clear whether the two candidates were from the initial list drawn up by the Ministry of Education, or the list of government officials drawn up by the MOE and the SSC. There is also the distinct possibility these two were drawn from a list not made available.

suggestion was a business person (identified as John Anderson) or, thirdly, a university person¹⁷.

Only a few members interviewed referred to the process of Anderson's appointment. Those that did, though, all consistently identified Anderson as Bolger's appointment - given Anderson's close personal ties with both the National Party and the Prime Minister, this is of no surprise. Indeed, it seems to have been such common knowledge that it was not necessary for it to be 'revealed', as it were, in the interviews of other members. According to Joanna Beresford of the NZEI (interview 6.10.94), the fact that Anderson *was* appointed by Bolger was a contributing factor to the considerable tensions that surrounded the operation of the group:

...basically, Bolger, Birch and Lockwood Smith were involved with the setting up [of the SCG]. The Group, through the chairperson, reported to Lockwood Smith. But the chairperson was actually appointed by and accountable to the Prime Minister. So there were, through the processes, meetings with Bolger, Birch and Lockwood Smith. So it wasn't just Lockwood Smith's committee - and that led to tensions on the part of officials.

The dual accountability was also a factor alluded to by Martin Cooney of the PPTA, although he speculated on the tensions this created for the Prime Minister, not just government officials. On the one hand, the SCG (via Anderson) were providing the Prime Minister with a particular perspective on the resolution of the issues referred to it; while on the other, the Ministry was advising its Minister (who, presumably, was advising Cabinet) often to the contrary.

While John Anderson ran a distant third as a prospective chairperson for MOE and SSC officials, their appeals to Smith for the appointment of a government official were falling on the wrong ears. It was quite clear that most SCG members interviewed believed the appointment of chairperson was not the Minister's to make; rather it was the Prime

¹⁷ Dr Dean Halford of Massey University, although not mentioned by name in this correspondence, was appointed as Deputy Chairperson.

Minister's, Jim Bolger. Given the prevalence of the view that Smith was fundamentally opposed to the formation of the SCG, the risk of an ideological appointment by him, on the advice of his officials, could not be taken by the government. Such a move had the potential to not only undermine the government's ability to demonstrate a genuine commitment to the resolution of education conflict, but also to undermine the future operation of the SCG, particularly in view of the general election that was to be held in 1993. Furthermore, and more crucially perhaps, the appointment of a chairperson by, or with affiliations to, a Minister of Education so publicly committed to implementing the policy being debated within the SCG, would present a clear disincentive to those education sector groups whose participation in the SCG was vital to its legitimacy. Unfortunately, as noted in Chapter V, Anderson declined to be interviewed on the grounds that he merely chaired the meetings of the SCG - an extraordinarily apolitical view of a very political exercise, although understandable given the context in which the SCG operated. Anderson's reluctance to discuss his involvement was shared by all government officials who took part in the SCG, and even by some who did not¹⁸, and who were contacted for interviews. All declined.

Education Sector Groups

Having accepted the idea of establishing an SCG-like forum, invitations to participate in the Group were issued after discussions between the representatives of various education sector groups, Smith and Birch. According to Ministry correspondence, formal invitations to participate were first issued to the STA, the PPTA and the NZEI (Perris and Martin to Smith and Birch 6.10.92) as the major 'stakeholder' groups in education. A provisional membership list, however, was contained in a letter from Maris O'Rourke, Secretary for Education, to Smith on 30 September 1992, in which it was stated:

The organisations that have been invited (at least informally) to join the Consultative Group are NZSTA,

¹⁸ The coyness bordered on paranoia with one MOE official. When contacted with a preliminary query about how to obtain information on the SCG, they suggested contacting the secretariat. However, I was further informed that should I disclose my contact with them, they would deny all knowledge. A curious position given they were not involved with the SCG directly, but merely knew the Ministry officials who were.

SPANZ¹⁹, PPTA Principals (sic) Council, Area Schools (sic) Association, Intermediate School Principals (sic) Association, NZ Principals (sic) Federation, NZEI Primary Principals (sic) Advisory Committee, Association of Proprietors of Integrated Schools, and NZEI. Ministers met with PPTA to discuss their involvement.

In the letter to the Minister of Education from Perris and Martin dated 6 October, both NZEI and PPTA membership of the SCG was confirmed:

NZEI and PPTA have been formally invited to take part and have accepted that invitation. Representatives of principals' groups have been told that principals' groups also will be represented but no invitations have yet been issued.

In apparent contradiction to the letter from O'Rourke of 30 September, though, Perris and Martin claimed that:

Although NZSTA, NZEI and PPTA have been invited to participate, no decisions have yet been made about the numbers of members from each organisation, or about other members of the group.

The PPTA at this time had already been in contact with John Anderson who had acted as an intermediary between the PPTA and the State Services Commission in relation to the stalled collective contract negotiations. Prior to the formation of the SCG, Anderson again played a significant intermediary role between government officials and the PPTA. Given the extent to which the relationship between the PPTA and the Minister of Education had broken down, as the strike action and moratorium on curriculum reforms were in place, it was reasonably clear a third party would be required to facilitate negotiations between the two in order for the PPTA to join the SCG. Before the PPTA could be formally invited, according to Kevin Bunker (interview 6.10.94), they were required to make some concessions: 'that

¹⁹ the Secondary Principals' Association of New Zealand.

we ceased industrial action, and the threat thereof, and agreed to participate in a genuine kind of way.'

According to Kevin Bunker (ibid), the PPTA deliberated at length whether or not to participate in the SCG:

...the Executive, it would be fair to say, debated long and hard whether or not to go with that approach because the experience of recent years had said that the only way to, shall we say, hold ground was by fairly deep and bitter struggle. The argument, I suppose, that persuaded them at the end of the day was that we [were] capable of long and bitter struggle, [but] we ourselves had been articulating publicly that long and bitter struggle isn't the answer. So, to give some credibility to our position, we were more or less stuck.

While the participation of the PPTA was brokered through John Anderson, the participation of the NZEI was the result of several direct meetings with the Ministers involved: Bill Birch, Lockwood Smith, Roger McLay, at the time Associate Minister of Education, as well as various government officials. Given that the NZEI had settled their employment contracts and had conducted generally less militant campaigns of opposition, negotiating participation in the SCG was comparatively straightforward in that they were able to conduct discussions with government ministers directly. Unlike the PPTA, there were no particular impediments to their participation, except, of course, for the general reluctance of the government to involve or consult with *any* group over issues of policy.

Although the NZEI were aware that its participation in the SCG, in the words of its representative, Joanna Beresford, 'could be seen to let the government off the hook' in terms of the public anger directed towards politicians at this time, it was aware that exclusion from the political arena meant little opportunity for input into the future direction of education policy (interview 6.10.94). The Schools Consultative Group gave the NZEI the opportunity it had been demanding for inclusion in the policy process. And although the SCG was not perfect, it offered a

more constructive solution than continuing with hostilities 'in isolation from trying to influence the policy process' (ibid).

For the teacher unions, the government's formation of the SCG was a *fait accompli* of sorts. Both unions had argued against their wholesale exclusion from the policy and restructuring process on the grounds they were merely self-interested. Teachers were education professionals and, as such, had a legitimate part to play in policy development and the management of change. Furthermore, without teacher involvement in and support for educational reform, the process would inevitably be conflictual. Both unions had argued, too, that the specific conflicts that had arisen during 1992 would be solved only when appropriate consultative processes were established between themselves and the government. Thus, the invitation to participate in the SCG was not only a test of union commitment to resolving the specific conflicts of 1992, but also a test of their credibility. Understandably, both unions were sceptical of the commitment of either the Minister of Education or his Ministry to negotiate a solution to the problem of bulk funding, given the determined support of both for the policy. Moreover, the SCG would effectively remove the conflict in education from the public arena, and thereby spare the government continued embarrassment; in effect, the complete antithesis of the PPTA's strategy. As Kevin Bunker pointed out, though, the PPTA were of a mind that 'if it works, then it's constructive; if it doesn't, then we know where we stand' (interview 6.10.94)²⁰.

With industrial relations issues at the heart of the dispute between teachers and the government, the STA and the unions were essential participants, as employer and employee organisations, if the outcomes of SCG negotiations were to have legitimacy. While opposition to bulk funding was presented by the unions as a professional concern to maintain a high quality, state-funded education system, it was, at the same time, an industrial conflict over pay, working conditions and the continuation of collective contracts, to be settled by negotiations

²⁰ According to one unnamed source, however, there were grave concerns within the PPTA at this time over its ability to sustain the levels of opposition. Thus the issue of participation was never really in question.

between the parties to the dispute - the government, school trustees and teachers. The appointment of other groups to the SCG, however, was viewed, according to the PPTA, as 'an appeasement to Dr Smith, to allow him to determine who else would be there'. From Ministry documentation it was evident that, on advice from both the Ministry of Education and the State Services Commission, Smith acted to ensure the membership of the group was *intentionally* weighted in order to neutralise the influence of the two teacher unions. This deliberate stacking of the SCG ensured that advocates of bulk funding, within the SCG, had a proportionally greater representation than would ordinarily be warranted; some of the pro-bulk funding members had no organised constituency, yet were given proportionally the same input into SCG deliberations as the two teacher unions and the STA.

Concern was evident in official correspondence at the initial stage of formation over the composition of the group in terms of its representation of 'other viewpoints'. According to O'Rourke (O'Rourke to Smith 30.9.92), both the Ministry of Education and SSC expressed:

...concerns about the relative strengths of employer-management interests as against employee-union interests within the group. In practice, we expect most of the principals' representatives to side with the unions against bulk funding and against SGM.

As already indicated, the PPTA Principals' Council and the NZEI Primary Principals' Advisory Committee (along with NZ Principals' Federation and the Intermediate School Principals' Association) were among the original list of groups to which informal invitations to participate had been extended by the Minister. However, in the same letter, O'Rourke suggested to Smith that:

You might wish to exclude PPTA Principals' Council and NZEI Principals' Advisory Committee from membership. It would be possible to further strengthen the employer side by including membership from the State Services

Commission's Industrial Relations and Structures and Systems Branches (emphasis in original).

Apart from fearing the alignment of Principals' groups with the teacher unions, the Ministry of Education and the State Services Commission (Perris and Martin to Smith and Birch 6.10.92) were also concerned that:

...the group should have sufficient representation of other interests to balance the views of the teacher unions. In addition to the groups already mentioned we suggest that the SCG also include people from the TSG²¹ trial schools...

While the Ministry took the ostensibly reasonable line of pointing out that representation from the TSG trial schools was justified on the grounds that such schools were the only ones within the compulsory state education sector to have any direct experience of bulk funding, the underlying reason was clearly revealed in further correspondence from the Ministry of Education to the Minister (12.10.92)²²:

The people suggested to fill this role are [David Jackson, Board Chairperson, Churchill Park Primary School and Phil Raffills, Principal, Avondale College]. Both are committed to the concept of full self-management. [Avondale] was one of the first schools in the trial and [Phil Raffills'] recent experience in visiting Grant Maintained Schools in Britain will be very useful to counter the views of²³.

Concerns were raised, too, about keeping the size of the group manageable - to the extent that some of the invitations initially extended and accepted were, in fact, withdrawn²⁴. In addition to their

²¹ Teachers' Salaries Grant - the official name for bulk funding.

²² Although the text of this letter had been edited prior to its release under the Official Information Act, it was possible in places to discern some of the information that had been deleted. The 'reconstructed' material is indicated by square brackets.

²³ While this name has also been deleted, and cannot be discerned completely, an educated guess would identify this person as Kevin Bunker of the PPTA.

²⁴ The Intermediate School Principals' Association had, by 12 October, received and accepted an invitation from Birch and Smith to participate in the SCG. The invitation was later withdrawn (Perris to Smith 12.10.92).

recommendation to exclude both the PPTA and the NZEI Principals' Associations, Ministry officials considered that the interests of the Intermediate Principals could be adequately represented by the NZ Principals' Federation. Area School representation was also deemed unnecessary; their concerns could be adequately represented by the STA.

The Intermediate Principals' Association (NZISPA) objected strongly to their exclusion, however, and endeavoured, in the months following the establishment of the group, to persuade the Minister to reconsider the withdrawal of their initial invitation. After meetings and correspondence with the Minister, Smith did accept there was an independent role the Association could play within the SCG (Sutcliffe, interview 26.10.94). As a result, John Sutcliffe, as president of NZISPA, formally joined the Schools Consultative Group on 28 April 1993, albeit six months after its establishment. Appointment of a representative from the Maori community was also suggested by the Ministry. The organisations that were eventually represented at the first full SCG meeting on October 22 1992 were: NZSTA; NZ Secondary Principals' Association; NZ Principals' Federation; NZEI; PPTA; Association of Proprietors of Integrated Schools; and bulk-funded trial schools (for full membership details refer Appendix II).

A representative from the Independent Schools Council²⁵, Jan Kerr, was also appointed to the SCG in January 1993. The reason for the appointment of an additional member was not clear in official documentation available from either the Ministry of Education or the SCG. Nor was it possible to ascertain the reason for the appointment from Jan Kerr herself, as she declined to be interviewed on the grounds that it 'would not be profitable' to do so. It would be speculative only but, by this stage, 'imbalances' in the representation of some views may have become apparent, resulting in the recruitment of an additional countervailing voice.

In addition to representatives from education sector groups, it was proposed by the Ministry of Education and the State Services Commission that their officials, as well as those from the Treasury and

²⁵ Essentially, the association for private schools in NZ.

the Department of the Prime Minister and Cabinet, would attend meetings 'as observers' only, in order to 'retain their independent role of separate policy advice' (Perris and Martin to Smith and Birch 6.10.92). However, between the suggested operating protocols dated 6 October, and a revised set of protocols contained in a letter to the Minister dated 12 October, this view had been revised; officials had the '...rights to attend all meetings of the group with full participation' (Perris to Smith 12.10.92). It is interesting to note, too, that in the protocols of 6 October, it was designated the responsibility of the Ministry of Education to provide secretariat services to the SCG. By 12 October, the composition of the secretariat had been amended to include officials from the Ministry of Education, the State Services Commission and Treasury. It was this secretariat that was later replaced by John Anderson, who arranged for the formation and funding of an independent secretariat.

Contrary to Ministry and SSC advice regarding the composition of the SCG, the NZEI ended up with two representatives, much to the consternation of some members. From the outset, Neville Lambert was the official NZEI delegate on the SCG. However, his sudden death in July 1993 meant that an immediate replacement needed to be found. Joanna Beresford, who had been a frequent temporary participant of the SCG as an advisor to Lambert, took over until the NZEI National Executive elected another representative, Bruce Adin. But at the request of the chairperson, John Anderson, Beresford remained as a member of the group, thereby giving the NZEI two positions instead of the original one envisaged by the Ministry. Not surprisingly, there were strong objections to this²⁶.

Issues of Representation

Concerns were expressed by several participants in the SCG over its composition in terms of the adequacy of its representation of views in the education sector. According to Joanna Beresford of the NZEI (interview 6.10.94), the composition of the group was 'unbalanced':

²⁶ Discussion of events arising from these objections was removed at the request of the interviewee disclosing the material.

...there was clearly a role for PPTA and NZEI, clearly a role for STA, clearly a role for officials, but beyond that I think you're beginning to get a little bit questionable. When you extend it out to...a tiny minority, then you're reaching slightly ludicrous proportions.

For some members, though, the issue of representation versus representativeness was irrelevant, and, indeed, was an issue not perceived by most members. Broadly construing the SCG as an *education* consultative group, not as a mechanism for resolving an industrial relations impasse, the majority of participants interviewed believed the membership of the group reflected fairly the views of the education sector as a whole, and saw the diversity of views as one of the strengths of the group. Quite clearly, though, the representation of a variety of views rendered problematic the notion of proportionality or of fairly representing the extent to which particular views were shared or opposed throughout the education sector. Furthermore, it introduced into what was essentially a forum for industrial negotiation, the minority views of particular interests in the education sector that ordinarily would have no part in contract settlement. As mentioned earlier, however, the constitution of the SCG in this way was a deliberate strategy of the Minister and his officials to manipulate membership in order to neutralise the views of the teacher unions.

The issue of representation versus representativeness was alluded to by John Fleming of the NZ Principals' Federation. In response to a question of how representative the group was, he responded:

Undoubtedly it is. I don't know of any group in the education sector that wasn't represented there. That doesn't mean necessarily that the outcomes of the SCG were representative of the education sector - you've got 22-24 people, maybe more, seated around the full SCG meeting table. It was identified and discussed that there was over-representation from the Unions in some cases (interview 26.20.94).

David Jackson, the chairperson of the board of trustees of a participating trial school, in answer to a question concerning how his membership was decided, responded:

I'm not sure. The reason I was there was because I'm the chairman of a board of trustees of a bulk funded school....[T]he Ministry of Education had had a meeting of the bulk funded schools when we were isolated and alone in the world, being criticised by every man and his dog....[W]ell, they had these meetings to make sure we knew what was going on. So basically I was there representing bulk funded schools, but in actual fact I don't believe I did represent them because there was no organisational structure for me to refer back to (interview 12.10.94).

Phil Raffills, as the principal of a bulk funded trial school, was in the same position. While there was a loose constituency of the schools participating in the trial, they were not organised into an identifiable structure whose collective concerns were able to be represented. So while Raffills saw his role on the SCG 'very clearly as saying what [is] actually happening in my school and in bulk funded schools, this is how bulk funding is working' (interview 29.9.94), his input was limited largely to his own personal experience of the success or otherwise of the trial²⁷. According to David Jackson, while there was some attempt made towards the end of the life of the SCG to get 'a lobby group going of the bulk funded schools' (interview 12.10.94), this attempt to organise was of limited success in terms of representing other views of the trial within the forum of the SCG, given that it occurred after the bulk of the work of the SCG had been completed.

The issue of the size of the constituencies SCG members represented was of particular concern, not surprisingly, to the teacher unions. With

²⁷ This point is clearly illustrated in minutes of the sub-group established to consider the vexed question of salary funding mechanisms. At a meeting held in August 1993, John Anderson tabled a discussion paper in which he outlined a possible framework for an 'official' position for the group. The minutes record that various members undertook to refer the paper back to their particular organisation for feedback. Phil Raffills registered an immediate objection to one particular clause on behalf of the bulk funding trial schools.

their combined constituencies numbering approximately 35,000 teachers, as Kevin Bunker of the PPTA pointed out:

in terms of the weighting of numbers, essentially you had some people representing just themselves - if you cared to be gracious, they might have represented another five or six people. Whereas we, the NZEI and STA, represented a constituency and had an internal accountability....[The membership] was stacked, if I could use that word, with (looking back in light of more recent experience) what I've come to call the pro-bulk funding, pro-choice, non-aligned groups (interview 6.10.94).

While the NZEI raised the issue of constituency representation at other political forums, it was never raised formally within the SCG. Given that the membership imbalance had been deliberately engineered by the Minister and his officials, it was extremely unlikely that action to redress it would be taken²⁸.

Strategic Selectivity and the Representation of Interests

The process of establishing the SCG, when considered as an example of bipartite sectoral-level corporatism, demonstrates precisely a dual dilemma frequently encountered by corporatist groupings: that is the dilemma of delimiting constituencies and of determining proportionality of representation - in short, which interest groups get to participate in corporatist groupings and how much power ought they to wield in the decision-making process.

The question of delimiting constituencies of interest to participate in corporatist bodies lies at the heart of the criticism of corporatism as an elitist form of state-group relations. As Linz (1975) points out, the involvement of pre-existing and organised interests in corporatist relationships immediately exposes the very unequal capacities of interests to be represented. Without wishing to labour an obvious point, an interest group needs to be organised in order to have an interest represented via a corporatist arrangement with the state. Quite

²⁸ An underlying reason for not pursuing the issue of representation formally within the SCG was removed from this account at the request of the interviewee who disclosed it.

clearly those interests that are unorganised or difficult to mobilise, unless specifically defined, organised and licensed by the state itself²⁹, remain outside the purview of such structures and hence are in effect denied the opportunity of representation through corporatist means.

In relation to the SCG, consumers of educational services, for example parents, students or employers, would have an obvious interest in the outcome of deliberations concerning the future direction of education policy - assuming, of course, that this was the purpose of establishing the SCG. Consumers, however, have a diversity of interests, are fragmented and dispersed throughout civil society. As such, they are difficult to organise into a monopolistic representational form amenable to inclusion in a corporatist-type body. More importantly, though, consumers have no *functional* significance in the education system, that is they wield little power in terms of the delivery of education, and thus have no capacity to sanction the state for non-inclusion. Without immediate power to compel the state to acknowledge them as legitimate participants within an organisation such as the SCG, there is no need for their inclusion. As consumers, their input into questions of policy in relation to education, and indeed in other areas of policy, occur at the ballot box and are, perhaps, better captured by a more pluralistic framework of analysis.

A more significant problem in relation to the Schools Consultative Group, however, was the issue of attribution of power to member groups in the decision-making process, a problem identified particularly by the representatives of the NZEI and the PPTA. Decisions of political weight can be made on several grounds - for example, according to membership numbers of constituent groups or of perceptions of functional importance or significance of a group to a particular corporatist arrangement. In the constitution of the Schools Consultative Group it is plain that the latter criterion prevailed, as determined by the Minister of Education, in the attribution of *equal* weighting to all members of the group in spite of the size of the constituencies they represented. This was of clear benefit to the representatives who were selected on the grounds of their experience

²⁹ This is, of course, a characteristic of forms of corporatism usually associated with more authoritarian or totalitarian regimes.

in the bulk funding trial and whose constituents numbered significantly fewer than the membership of the teacher unions.

However, again according to Linz (1975), there are no obvious or rational criteria on which to base decisions of proportionality or weighting of influence. But, as demonstrated quite clearly by the process of selection of SCG members, proportionality particularly was an issue to be resolved according to *political*, not obvious or rational, criteria. It was also an issue intimately linked to political expectations concerning the outcome of the decision-making process as well as to the purposes for which the SCG, as a political strategy, was formed. It is clear that the Group was established to deal with a particular set of conflicts arising out of what were patently industrial relations issues. The appearance of the group, however, indicated a quite different set of issues were being dealt with; broader educational issues on which the education sector felt legitimately entitled to be consulted.

The discrepancy between the appearance and the reality of the SCG, however, was not something the teacher unions could draw formal attention to. As Jesson (1995) has pointed out, the unions were caught between their role as industrial organisations and their need to look 'professional'. The Schools Consultative Group was, in reality, focused on issues that concerned the unions' industrial function, yet sheltered behind a broader set of educational, or 'professional' concerns. The unions could not protest against the composition of the group, as a collection of professionals considering various educational issues, because to do so would reveal their industrial relations agenda, and expose the 'professional' position that they, too, were sheltering behind, in relation to the conflicts of 1992. Jesson (1995) has referred to this tension in the PPTA as a form of 'rational opportunism'.

Given that the constitution of the SCG was determined by political criteria, then, questions regarding the process of selection, representation and attribution of power within it can only be answered by a closer examination of the state itself. More specifically, by viewing corporatist arrangements as a particular configuration of interest representation and intervention, the Schools Consultative Group can

be effectively analysed within the framework of what Jessop (1990) has termed the strategic selectivity of the state.

Jessop employs the concept of strategic selectivity in order to demonstrate the non-neutrality of the state and how particular forms of interest representation produce 'functionally unequal and asymmetrical effects on the ability of different social forces to realise their interests through political action' (in Barrow 1993:67). While not a structural characteristic of the state itself, strategic selectivity is the outcome of the dialectic relationship between state structures and past strategies adopted towards it by various groups which, amongst other things, has the effect of favouring access into the political arena of some interests over others³⁰. Echoing this view of corporatism as a biased filter on interest representation, Weber, too, (1968) identifies one of its latent functions as permitting the 'disenfranchising [of] certain strata' (in Linz 1975:309).

The main point to be taken from Jessop's notion of state selectivity in relation to the formation of the Schools Consultative Group is that if the state is not neutral, then corporatism, as a form of interest representation operating in conjunction with it, cannot be neutral either. Corporatism as a manifestation of strategic selectivity, however, begs the question of *which* particular interests are favoured by such an arrangement. According to Linz (1975:310), in a context in which corporatism is the mode of interest representation:

...power ultimately ends up in a ruling group that organises the system, delimits its constituencies, assigns the share in representation, arbitrates conflicts between interests, and decides all those issues on which the representatives have no basis for choice.

Williamson (1985), endorsing the arguments of both Jessop and Linz, also views corporatist arrangements as constraining or enabling what can be done within them, to the benefit of whoever has the capacity to

³⁰ The question of precisely *which* interests are privileged is, according to Jessop, one that needs to be answered empirically in relation to a specific state at a particular historical conjuncture.

constitute such an arrangement. In the instance of the SCG, and according to Linz's criteria, the power to organise the group, to select participants as well as to attribute influence to member groups within the decision-making process, was firmly located within the arena of the state. The question that remains to be answered, therefore, is what interests of the state or of its agents were being advanced through the SCG and what interests were 'disenfranchised'.

It seems wholly naive to suggest, however, that the deliberate 'stacking' of the SCG with supporters of government policy was going to produce a resolution to the conflict evident in education in 1992 - that a simple majority in favour of bulk funding, for example, would provide the government with sufficient support for it to continue its education agenda for increasing the level of school self-management unimpeded. If the SCG was, in fact, a corporatist strategy, then it was only ever going to be very 'weakly' corporatist. This raises the further question of quite what the government intended to achieve with the formation of the SCG, given that the outcomes of a weakly corporatist process would prove difficult to sustain. Was it genuine consultation or simply a stand-off between the government and the teacher unions, a public reprieve for the government to exploit with work 'behind the scenes' to advance its educational agenda. Or was it an exercise in political risk management, a wider government strategy made necessary by a Minister's intransigent commitment to completing, as he saw it, the government's agenda for school self-management, in spite of overwhelming hostility to the processes by which this was being achieved?

Terms of Reference

The Schools Consultative Group was formally convened for its first meeting on October 22, 1992. It was, according to some members, a predictably chilly and lengthy affair devoted, in large part, to discussing draft Terms of Reference and Operating Protocols. According to Ministry of Education correspondence with Minister, Lockwood Smith, the SCG was formally established to 'consider policies associated with school management, including funding reforms' (O'Rourke to Smith 30.9.92). In a joint communication from the MOE and SSC to their Ministers at the beginning of October, however, the scope of SCG deliberations had been significantly narrowed and confined to providing advice to the Minister of Education 'on a range of matters concerned with the funding arrangements for teachers' salaries' (Perris and Martin to Smith and Birch 6.10.92). The terms of reference tabled for consideration at the first meeting confirmed the domain of the SCG as the funding of teachers' salaries.

The terms of reference were initially developed as the result of direct negotiations between the Ministers of Education and State Services, the STA and the NZEI (Perris and Martin to Smith and Birch 6.10.92). In several communications from officials to the Ministers of Education and State Services prior to the convening of the group, the initial terms of reference negotiated between Smith, Birch, the STA and the NZEI were appended:

To advise, evaluate and make recommendations on:

(a) the adequacy of current policies and practices of the funding arrangements for teacher salaries within the context of the 'Tomorrow's Schools' reforms.

(b) the direction and future policy development on the funding arrangements for teacher salaries.

(c) the mechanisms and resources for implementing any recommended changes.

Implicit in these terms of reference, the group will consider:

- *the teacher salaries grant trial; and*
- *the salaries grant for management.*

The Group will receive regular reports from the Ministry of Education, including reports on the evaluation of the Teachers (sic) Salaries Grant Trial (ibid Appendix A).

While the discussion of the terms of reference recorded in the minutes of the first meeting is extraordinarily abbreviated, the outcome was a significant modification, with the expansion of clause (a) and the addition of a whole new section. The amended clause read:

To advise, evaluate and make recommendations on:

(a) A set of principles within the context of the 'Tomorrow's Schools' reforms that should form the basis of an equitable and efficient funding scheme for the management of teacher salaries.

(b) The extent to which current policies and practices meet these principles.

The clauses (b) and (c) of the original terms were retained as (c) and (d).

The original clause (a) was clearly an attempt by Smith and Birch to restrict the boundaries of the SCG in advance, and thus shape the outcome of the deliberations of the group. While the extent of salaries devolution within *Tomorrow's Schools* was ambiguous (*vide* Gordon 1991), the existing system of centralised payment of teacher salaries was clearly contradictory to the National government's stated commitment to greater self-management for schools (Smith 1991). The amended terms of reference, however, introduced a space in which the adequacy of bulk funding, in terms of its 'equity and efficiency', could be evaluated. And although it is with the benefit of hindsight, the later difficulties of the SCG could be predicted from this quite significant departure from the terms of reference suggested by officials.

The modified terms formulated at that first meeting also contained a whole new section:

The consultative group should have regard to the government's commitment:

- To ensure excellence in educational outcomes by enhancing the knowledge, skills and aptitudes of students from the school sector;*
- To recognise school principals and teachers are the key element in ensuring that these outcomes are achieved;*
- To devolve operational management to Boards of Trustees, thus allowing schools to become more responsive to community priorities.*

The new terms of reference were thus of significantly broader scope than those originally negotiated between STA, NZEI, Birch and Smith, and included a number of clauses under which government policy, or specific government actions could be challenged. The new wording shifted the focus somewhat from the narrow industrial question of funding mechanisms for teacher salaries, towards a much wider focus on how 'excellence' in education could be achieved. In that respect, the new wording reflected the emerging 'modernisation' programme developed by the PPTA, although there is no direct evidence that it was this group that suggested the changes. Given that the PPTA did not appear to have significant input into negotiations for the initial terms of reference, however, it seems highly likely that the first full meeting of the group would provide an opportunity to make some amendments.

Operating Protocols

From official information obtained, it is quite clear that both the Ministry of Education and the State Services Commission were concerned to establish rules for the operation of the group which not only detailed specific ways in which the SCG would be conducted, but which also defined and delimited the relationship between the group

and government officials¹. In a joint letter from MOE and SSC officials to Smith and Birch, it was suggested that a set of operating protocols be formulated to augment the terms of reference. With no little irony, perhaps, given the subsequent expansion of the terms of reference, the initial terms of reference were considered too 'broad' and did not 'provide sufficient guidance to the group or to officials to enable the group to be called together' (Perris and Martin to Smith and Birch 6.10.92). The protocols were to cover such things as: 'reporting lines, media contacts, frequency of meetings [and] procedures covering requests to government departments' (ibid). The Ministry of Education was particularly concerned with the latter, and to ensure that it would 'not to be at the whim of the Group'² (O'Rourke to Smith 30.9.92).

Preliminary operating protocols were appended to the letter from Perris and Martin (6.10.92) for Ministerial consideration:

- 1. The SCG is an advisory group to the Ministry (sic) of Education, and will report to the Minister through the group's chairperson.*
- 2. The group's sphere of advice is that covered by the agreed Terms of Reference. The group does not have the power to veto any decisions or implementation processes agreed by the government.*
- 3. No substantive comment is to be made to the news media on the work and internal discussions of the group. When media comment is deemed necessary by the chairperson, it can only be released by the chairperson.*
- 4. Members of the group, including the chairperson, are appointed by the Minister of Education.*

¹ This concern was apparent to at least one or two members of the SCG; according to one person, 'the Ministry of Education obviously had a concern to make to sure the SCG headed in a direction which related to their vision of where we should go' (unattributable).

² Officials advised the Minister to recommend to the SCG that 'requests from the Group to the Ministry for reports or investigations' should be made via the Minister himself (O'Rourke to Smith 30.9.92).

5. *A budget for the group will be established by the Ministry. A schedule of activities for the group will be determined by the chairperson within the constraints of the budget.*³

6. *Requests for information or reports from government departments, within the brief of the group, would normally be met by the officials associated with the group. Substantial requests outside the approved work programme of the department, or requests outside the brief of the group, would need to be referred to the responsible Minister for approval.*

7. *The Ministry of Education will service the group, and officials of the Ministry, SSC, the Treasury, and the Department of Prime Minister and Cabinet will have rights to attend all meetings of the group as observers.*

In one of the communications from officials, some friction was apparent between the Ministry and the State Services Commission over the SCG. The Ministry of Education was concerned that the SSC would be officially appointed to the group. Its inclusion, as employer representative, had been suggested as part of the strategy to ensure a membership that would counteract the views of the teacher unions (O'Rourke to Smith 30.9.92). The Ministry of Education was concerned, however, that '[t]here could be some awkwardness if the SSC was a formal member of the Group, while the Ministry was not' (ibid). Precisely what form this 'awkwardness' might take was not elaborated upon. Thus, the MOE and SSC jointly advised the Ministers of Education and State Services that, to ensure officials' ability to provide independent policy advice, representatives from government departments should attend meetings but not be formal members of the Group (Perris and Martin to Smith and Birch 6.10.92).

In a subsequent letter from the Ministry of Education to its Minister, however, it was clear that the advice to make officials observers only had not been taken. Clause seven, detailing the role of government officials on the group, had been modified, following discussions with

³ The Ministry of Education included in the letter the estimated annual operating costs for the SCG as between \$25,000 and \$35,000, 'depending upon the composition of the group and the frequency of its meetings'.

the Minister of Education and Bill Birch, to read 'officials...will have rights to attend all meetings of the group, with *full participation*' (Perris to Smith 12.10.92, emphasis added).

These amended protocols were tabled by John Anderson at the first full SCG meeting, and were adopted with two significant changes. Clause seven was amended to include representation from the Education Review Office and reference to the servicing of the SCG by the Ministry of Education was deleted. An eighth clause was added which read:

8. Officials from the Ministry of Education (Lyall Perris, Neil McDonald and Chris Randall), SSC, the Treasury and Don Cowie, Director, Southpac Corporation Ltd will form the Secretariat to service the group (SCG minutes 22.10.92).

A potentially crucial change to clause one was also evident. Instead of being an advisory group to the Minister of Education, the SCG were an advisory group to the *Ministry* of Education. It is not clear whether this was a substantive change or merely a typographical error, as the protocols do not reappear in any other minutes or correspondence of the group, nor are they reproduced in any of their completed reports. Where reference is made to the official purpose of the SCG in any documentation, it is as advisors to the *government*. However, subsequent events and the conduct of the group appear to favour the latter interpretation. For example, recommendations were made and group reports were submitted directly to the Minister of Education, the correspondence from the chairperson, John Anderson, was directly to the Minister⁴, and the Ministry already had an education sector advisory group, the Schools Consultative Committee, convened by Secretary for Education Maris O'Rourke. Individual SCG members, too, had no doubt they were advising the Minister, not the Ministry. Moreover, it is unlikely that the ensuing 'difficult' relationship between the SCG and the Ministry would have developed, had the SCG been officially subordinated to the Ministry.

Of more significance, however, is the contradiction between clauses (a) and (b) of the terms of reference and clause two of the protocols. The

⁴ The correspondence that was available to be viewed.

capacity of the SCG to consider the viability of salary funding mechanisms in terms of 'equity and efficiency' under the amended terms of reference, presented a clear challenge to the operating protocol that denied the SCG the 'power to veto any decisions or implementation processes agreed by the government', with bulk funding already a stated policy goal. While power to veto policy was unlikely to be vested in the SCG, this seems to have been exactly what was embodied within the reformed terms of reference decided by members at the first meeting. Thus a crucial discrepancy between the purpose of the SCG as viewed by its members and its purpose as seen by government ministers and officials was, from the very beginning, intrinsic to its overall operation. However, with the Ministry of Education and other government officials providing secretariat services, the conflict between the terms of reference and the procedural guidelines, the purpose of which was to constrain the operation of the group, could be mitigated somewhat by 'official' control exercised via the secretariat. Its importance would only be realised later when the official secretariat was dispensed with by Anderson in favour of an 'independent' secretariat staffed by his appointees, which, in effect, severed the main means by which official control of the group could be maintained.

Negotiating the Truce

To reach a position where the resolution of *any* issue was possible, however, the first task of the SCG was to address what were perceived to be the immediate barriers to their operation: the opposition of the teacher unions to the Salaries Grant for Management and the continued recruitment of schools into the bulk funding trial, as well as the antipathy between the unions and the SSC generated by the stalled employment contract negotiations. According to SCG minutes, the resolution of these issues to a point where the group could begin considering mechanisms for the funding of salaries took until April 1993 - almost one third of the total time the SCG was in existence⁵.

At the first meeting in October 1992, in addition to terms of reference and operating procedures, the SCG also considered a Ministry of

⁵ The SCG was in existence exactly two years - October 1992 to September 1994. Negotiating outstanding conflicts took seven months.

Education circular to schools concerning the Salaries Grant for Management and a document pertaining to the bulk funding trial. The only recommendation to the Minister of Education made at this first meeting was to delay the implementation of the SGM until May 1993⁶, a recommendation which was accepted. The delay was announced in a press statement on 3 November, citing 'administrative reasons' as the cause. A request was also made by the SCG for the establishment of an extensive data base to facilitate their 'informed debate' on the question of funding, and covered such areas as: the level of funding, staffing and student roll by education sector from 1989; the operation of the employment and salary system for teachers; superannuation provision for teachers and demographic details of members of the Government Superannuation Fund; and statistical information pertaining to the relationship between teacher supply and demand. The majority of these requests were to be actioned by the Ministry of Education (SCG minutes 22.10.92).

Two days prior to the second meeting of the group on 13 November, however, the Education Amendment (No 5) Bill, containing details for the introduction of the SGM, had returned to the House virtually unchanged. As a result, the second SCG meeting was devoted entirely to a discussion of the Bill with Tony Steel MP, at the time chairperson of the Education and Science Select Committee. The main concerns reported in the minutes centred around the whole purpose of the SGM for the government and the potential of the legislation to impose a system to limit salaries. After a lengthy discussion, almost four hours, the minutes recorded that the group would not release any statements on the subject as the Bill passed through the legislative process. The official position of the SCG was that it '[had] no opinion on the issue' (SCG minutes 13.11.92).

If the SCG had no official opinion on the matter, the two teacher unions were not nearly so reticent. The response of the PPTA was to confirm its curriculum moratorium and, on 20 November, to threaten

⁶ This recommendation was amended in the minutes of the following meeting, November 13, to read 'That the SCG recommend to the Minister of Education that *if the Salaries Grant for Management was to proceed*, the implementation of the SGM be delayed until May 1993' (SCG Minutes 13.11.92, emphasis added).

to withdraw from the SCG in protest. By mid-December, the NZEI had also withdrawn its support for the new curriculum.

By the third SCG meeting at the end of January 1993, it was clear that behind-the-scenes negotiations were being conducted between the government and the teacher unions in an attempt to resolve the public conflict that was brewing again over the SGM, and also over the ongoing negotiation of employment contracts. By mid-December, the PPTA had suspended its curriculum moratorium in a bid to settle its contract; and by the beginning of January, the NZEI offered to trade-off the lifting of its curriculum moratorium in return for entry to the bulk funding trial being closed (The Press 6.1.93). At the end of the meeting on 27 January, however, again devoted entirely to discussion of the SGM, both unions confirmed that bans on the implementation of the SGM and the Curriculum Initiative were both still in place⁷.

The outcome of this meeting, however, was an elliptical plea for 'certain confirmations from the government' (SCG minutes 27.1.93) to assist in overcoming the unions' curriculum moratoria. The recommendation from the SCG to the Ministers of Education and State Services was that confirmations be given to 'assist representative education groups to ensure that there will be no blockages in the implementation of the Salaries Grant for Management and the [Curriculum] Initiative' (ibid). These were:

- a) *Confirmation that the level of funding for the Salaries Grant for Management as provided by government in a school's financial year is not less than the amount needed by boards of trustees to meet their contractual arrangements with teaching staff where in terms of employment contracts the board must pay a particular level of salary.*

⁷ At the beginning of the meeting, John Anderson thought it necessary to remind members that the SCG 'was not a forum to score points but rather an opportunity for each representative to advance the logic and reasoning on the issues being examined'. He also thought it necessary to remind them of the provisions of protocol two: that the SGM was, by the end of January, now law; the main purpose of the meeting was to discuss its *implementation*.

b) Confirmation that due and timely consultation between representative education groups and the Ministry of Education will take place in:

- i) implementing the SGM; and*
- ii) setting the annual Order in Council for staffing provisions.*

c) Confirmation that the Salaries Grant for Management would be reviewed at the same time the Teacher Salaries Grant trial is reviewed in 1994 (ibid).

Anderson formally advised the Minister of Education of these recommendations on 17 February by letter, confirming the details of a personal 'report back' made by him to both Smith and Bill Birch on 2 February (Anderson to Smith 17.2.93).

In a memorandum to all members of the SCG dated 26 February 1993, John Anderson advised of Smith's responses. Confirmation of request a) was conditional. While alluding to the fact that senior teachers' salaries were determined by the provisions of their collective employment contract and would not be changed for 1993 and 1994, it was made clear that salary provisions needed to be viewed in the overall context of government budgetary allocations which were 'subject to change over time' (Smith to Anderson 23.2.93). In response to request b), the Minister indicated that consultation with education sector groups was, in fact, one of the purposes of the SCG. Request c) was confirmed unreservedly, as, according to Smith, it had always been the intention of the government to review the SGM policy at the time of the review of the bulk funding trial in 1994. Included in confirmation c) was also the guarantee by the Minister that the bulk funding trial was closed to new participants - a brief sentence containing little more than a statement that entry was closed (ibid).

In return for the assurances given to the SCG, the Minister demanded some of his own: that the bans on the Curriculum Initiative be lifted and that implementation of the SGM proceed 'without disruption'. In addition, he expected 'the pressure placed on the schools in the [bulk funding] trial to cease so a proper evaluation of the trial can be made'

(ibid)⁸. John Anderson concurred with the Minister's request, believing conditions were appropriate for the unions to remove all moratoria and for the SCG to move onto consideration of the issues contained within its terms of reference. Accordingly, on 2 March, the NZEI recommended to its members that, in light of government assurances given via the SCG, the curriculum ban be lifted. Similarly, the PPTA, on 3 March, withdrew their opposition to the SGM.

Finally, settlement of the secondary teachers' employment contract was achieved in March, with, it would appear, an agreement to refer the secondary teachers' collective contract provisions to a working party of the SCG, in order to 'tune it in more with the devolved environment' (Cooney, PPTA News, April 1993). By the fourth meeting of the SCG at the end of April, John Anderson noted that it was possible 'for the group to now examine areas relevant to its terms of reference without outside influences' (SCG minutes 28.4.93).

The Operation of the SCG

Organisational Structure

The Schools Consultative Group had a three-tiered organisational structure: full group consultation, issue-based working-parties and individual meetings of members with the chairperson. Over the course of the two years it was in existence, the full complement of SCG members was convened only eleven times, with three of those meetings devoted to negotiating the truce between the government and the teacher unions. The function of full group meetings was largely to maintain an overview of the work of sub-groups. It was also the forum in which sub-group reports were considered and where completed reports containing recommendations to the Minister were debated and approved. Full group meetings were also, according to John Sutcliffe, the 'final resort for contentious issues' (interview 26.10.94).

The second tier of operation was that of working parties or subgroups. Given the complexity of the issues considered by the SCG, it was not feasible, in terms of both time and relevance of issues to individual

⁸ Schools opting into the bulk funding trial had been targeted for 'special treatment' in the unions' campaigns of opposition.

representatives, to conduct extensive discussions through full group meetings. There was considerable difficulty, however, in establishing details of the membership of subgroups, when they met or the substance of their discussions. With the exception of one inadvertent acquisition, the minutes of the various subgroups were not a matter of public record and were not made available. As a result, information regarding their work is only what can be gleaned from brief references made to them in minutes of full SCG meetings. However, these minutes routinely recorded only the issue to be referred to particular subgroups and, infrequently, the membership thereof. The non-disclosure of subgroup minutes was unfortunate, and probably intentional, as they were described by one member as the 'engine room' of the SCG, the place where 'all the work gets done' (facsimile John Sutcliffe 26.10.94). That this was indeed the case was indicated by the frequency of subgroup meetings. If the full group met only eleven times over two years, subgroups were meeting as often as every three weeks. These were full-day meetings, sometimes even two. And, according to John Fleming of the NZPA (interview 10.94), if you were a member of several, as he was:

...the time commitment was really quite heavy...particularly from when the three groups were meeting at the same time, probably from July 1993 through to about July 1994. So for a period of about a year there was a heavy commitment. I would find myself involved for two full days each week at the peak. But certainly you could expect one meeting every one or two weeks.

Subgroup membership appears to have been largely a matter of self-selection, in terms of the interest of SCG member groups in the subject matter being considered. Members of subgroups were not necessarily members who participated in full SCG meetings, however, as member groups were able to nominate appropriate official(s) from their organisation to represent them. Overall, though, there was a core, stable membership of the full SCG, in terms of the individuals who participated, as well as a peripheral and fluctuating membership of the subgroups - individuals who participated according to their particular expertise in certain issues and at the behest of their parent body.

At the fourth full meeting on 28 April 1993, a subgroup was established to consider structural flexibility and work organisation, to be chaired by Les Maxwell of the STA, but with John Anderson as an ex officio member. According to the minutes, this group was to consider 'a pot-pourri of issues', including the provisions of teachers' collective employment contracts, the ageing of the teacher workforce and issues of teacher supply. It was this group whose task it was to deliberate on the question of salary funding mechanisms. In addition to this group, reference was also made in the minutes to two apparently pre-existing groups: one considering post-compulsory education and training, the other considering issues related to primary staffing (SCG minutes 28.4.93). With the referral of other issues to the SCG by the Minister later in 1993, further subgroups were established to consider: the Titter Taskforce Report on school property; entry/exit and retirement provisions for teachers; school operations grants; the funding implications of the seamless education system; and a review of the teacher staffing formulae (SCG minutes 5.10.93).

The third tier of SCG operation was more invisible still than the subgroup structure: the informal meetings held between individual SCG members and the chairman, John Anderson, initiated by him in order to resolve differences of opinion, particularly in the subgroups. While not a surprising strategy for the resolution of conflict, these meetings took place on what appeared to be a sufficiently regular basis for one member of the SCG to view them as part of their 'normal' operation. For example, one such round of meetings replaced a scheduled meeting of the Structural Flexibility and Work Organisation subgroup. Given the contentious nature of the subject matter under discussion, disagreement in this particular forum was predictable. The most interesting outcome of this informal meeting process, however, was that the recommendations on funding mechanisms subsequently submitted by the subgroup to the full SCG for consideration were, in fact, developed by Anderson himself in conjunction with the Secretariat (Structural Flexibility and Work Organisation subgroup minutes 18.8.93).

Secretariat

The provision of an official secretariat to service the SCG was originally made in the suggested operating protocols forwarded to the

Minister of Education by officials from the Ministry of Education and from the State Services Commission. It was recommended that the Ministry of Education provide the personnel for support services for the SCG. This recommendation was changed at the first SCG meeting, however, when officials from the State Services Commission and the Treasury were added to the secretariat. An independent member, Don Cowie (the director of Southpac Corporation Ltd) was also appointed⁹.

Between January and April 1993, Anderson dispensed with the services of the secretariat as originally established and set up his own 'independent' secretariat. The minutes of the SCG meeting in January 1993 record that government officials were still functioning in the role of secretariat at that time. By the next meeting in April, however, two members of the new secretariat were recorded as in attendance¹⁰. While a representative of the Ministry of Education was still an official member of the newly-formed secretariat, the three other members were Anderson's own appointments: Don Cowie of Southpac Corporation, one of the original secretariat and a close business associate of Anderson's; Doug Martin, who, as Assistant State Services Commissioner, had been one of the SSC's representatives on the SCG, but was now officially listed as a partner in labour market and communications consultants Martin Jenkins de Lore¹¹; and ex-PPTA negotiator, Patricia McNeill¹².

The circumstances that precipitated the establishment of a new secretariat are unclear. Only one SCG member interviewed perceived the operation of the secretariat to be problematic, but in reference to the secretariat established by Anderson, not the original collection of

⁹ John Anderson, as well as being SCG chairperson and chief executive of the National Bank, is the chief executive and/or director of two other companies: South Pacific Merchant Finance Ltd and Southpac Corporation Ltd; Doug Cowie is also a director of South Pacific Merchant Finance Ltd.

¹⁰ There were no meetings held over this period of three months, although the intention to have another meeting approximately mid-March was noted in the minutes of the January meeting. Why this did not eventuate is not known.

¹¹ He was also one of the SSC officials advising the Minister of Education, in October 1992, of the ways in which SCG membership could be manipulated to counteract the views of the two teacher unions.

¹² According to a source who wished to remain anonymous, McNeill had been involved in the high-level negotiations between the PPTA, Anderson and Ministers prior to their participation in the SCG.

ministry officials¹³. What several members did identify as particularly problematic, however, was the general relationship between the SCG and the Ministry of Education¹⁴. Given their extensive representation on the original secretariat - from the records of the first three SCG meetings, MOE officials outnumbered all others - it seems highly likely that tensions between the SCG and the Ministry were a major contributor to the original secretariat being dispensed with by Anderson. Indeed, one person spoken to about the SCG observed that an independent secretariat was a necessity if independent opinions were to be expressed by the SCG¹⁵. From some comments it is quite clear that the Ministry of Education were considered to be far too ideologically driven, particularly in terms of their support for bulk funding, to provide secretariat services to a group whose participants may or may not have shared their views.

It was evident from official correspondence prior to its formation that tensions would exist between the Ministry of Education and the SCG. As already noted, the Ministry was at pains to point out to their Minister it did not want to be 'at the whim of the group', nor should the group have direct input into Ministry advice to the Minister; SCG views would merely 'be taken into account' (O'Rourke to Smith 30.9.92). The root cause of the difficulties, it would seem, lay in the perception by the Ministry that the SCG, in Joanna Beresford's words 'a group of non-officials chaired by a banker' (interview 6.10.94), was usurping its professional role as providers of policy advice to the Minister. In short, the SCG were trespassing on territory the Ministry considered to be its exclusive domain, and, as such, was in direct competition for the ear of the Minister and of government. Moreover,

¹³ Phil Raffills considered the minutes of some meetings as recorded by secretariat member, Patricia McNeill, were inaccurate and biased. When he challenged her over this, she suggested such a serious matter be referred to Anderson. Whether he did is not known. It certainly was not raised at any meetings, except for one comment by John Fleming of NZPA recorded in the minutes of the Structural Flexibility and Work Organisation sub-group meeting held in August 1993 - while he confirmed the minutes of the previous sub-group meeting were accurate, he 'expressed concern about whether all views represented at the meeting were represented'. This is the only official allusion to the problem of bias.

¹⁴ There was a strange reluctance on the part of a number of SCG member to talk about the role of all government officials on the SCG. Some did, but in very elliptical terms. Interestingly, the frankest comments came from the David Jackson, the chairperson of the board of trustees of a TSG trial school - the only member of the SCG not embroiled in education politics at a national level.

¹⁵ The source for this comment did not wish to be identified

they were a competitor whose policy advice might contradict their own. Given Smith's commitment to bulk funding and his antipathy towards the SCG, as well as the group's role as merely 'advisory', it seems highly unlikely the Ministry would view the SCG as a serious threat to its own role. A much simpler and more likely explanation is that Ministry hostility to the SCG was due largely to the impediment it represented in terms of completing its already well-established work programme to implement the education self-management agenda.

Having the Ministry of Education, in addition to other government officials, acting as secretariat to the SCG can be seen to be underpinned by two competing dynamics. The first would be the need for the Ministry to be in a position, if not to influence or control policy recommendations produced by the SCG, to at least know what the advice might be in order to prepare countervailing arguments and to be able to inform its Minister which direction the SCG was taking on various issues. In response to a letter from the Minister of Education querying the role and future work of the SCG, Anderson (Anderson to Smith 6.10.93) outlined the main tasks of the secretariat¹⁶:

- *to provide secretarial services during the meetings;*
- *to prepare the agenda and co-ordinate papers for meetings;*
- *to prepare relevant papers for consideration and discussion;*
- *to complete the report of the SCG to the Minister.*

Given the potential of these tasks to shape the parameters of debate within the SCG, and, thus, the outcome of its deliberations, the Ministry could not forego the opportunity to participate. At the same time, however, there was a competing dynamic of 'reluctant' participation. According to Joanna Beresford of the NZEI, the Ministry 'bitterly resented' the SCG (interview 6.10.94). Acting in such a capacity for a group of people it considered to be usurping its role might not rest easily with the Ministry - it was an inappropriately hierarchical

¹⁶ Although by the time this letter was written, October 1993, government officials no longer played a decisive part in the secretariat, this is the only detailed record of the specific tasks of the secretariat. There is no reason to believe these were not also the tasks of the original secretariat.

relationship that may have violated MOE perceptions of their own role. Furthermore, the SCG was perceived to be revisiting issues the Ministry believed to be beyond negotiation, such as the question of bulk funding. In short, the SCG was an 'irritant and wasted [the Ministry's] time and resources' (ibid). Thus, the Ministry was placed in a somewhat untenable position of acting to influence the SCG as far as possible, yet the price of securing that influence was to act as underling to a group of people they believed should not exist; a case of the tail wagging the dog, perhaps. Given such circumstances, their conduct as secretariat support may have been unacceptable - and was, at least to John Anderson, although quite how this manifested itself within the forum of the SCG is not known.

While the establishment of an 'independent' secretariat served to minimise the influence of the Ministry, the underlying hostilities between the two continued over the term of the SCG. This appeared to be manifested in a low-level campaign by the Ministry of Education of what could best be described as 'non-co-operation'; at worst, it was considered by one member of the SCG as completely unprofessional behaviour¹⁷. The Ministry worked to undermine the decision-making processes by being selective with the information provided to the SCG as well as supplying complex information on which decisions were to be based at exceptionally short notice. Complaints regarding the short notice were recorded in the minutes of the meetings held in March and April 1994, where Ministry material had been forthcoming the day before the meeting in March and on the day of the meeting in April.

SCG Work Programme

The issues considered by the SCG fell into two distinct categories. The first category of work focused on the tasks set out in the terms of reference, with the SCG's main objective of advising on 'the financing and payment of teachers' salaries. The report containing preliminary advice, the *Principles and Mechanisms for the Financing and Payment of Teachers' Salaries*, was presented to the Minister in December 1993. As a result of the work done on the funding mechanism for salaries,

¹⁷ According to this member, the only time the Ministry of Education 'behaved themselves' was during the interregnum between the general election in October 1993 and the confirmation, ten days later, that the National Party had been re-elected - by a very slender one-seat majority.

the SCG recommended to the Minister that two related issues also needed to be considered: a review of the teacher staffing formula and the method of its allocation to schools; and the provisions for entry, exit and retirement in the teaching profession. Subgroups to consider these issues were formed at the SCG meeting held in October 1993, with work on these issues producing two further reports: the *Arrangements for Entry and Exit from the Teaching Profession* presented to the Minister in July 1994, and an interim report of the Teacher Staffing Formulae Review Subgroup forwarded at the same time.

The second category of work covered those issues subsequently referred to the SCG by both the Minister of Education and the Associate Minister, John Luxton during 1993. These were:

- consideration of the Titter Taskforce report on school property, referred by Luxton in June;
- the funding implications of a seamless education system, referred in April;
- a review of a Ministry of Education discussion paper on the operations grant, referred in June;
- proposed changes to the resourcing of outside the classroom learning experiences.

Two further issues were referred with the agreement of the Minister of Education: the review of primary staffing undertaken by a committee convened by the NZEI¹⁸, and a Ministry of Education discussion paper on supplementary resources. Out of SCG deliberations on all of these issues, however, only one further report was produced and presented to the Minister, the *School Property for Better Education*, submitted in July 1994. Two further reports were submitted to the Minister at the termination of the SCG, *Education Priorities in the Schools Sector*, and *Teacher Staffing Resource Delivery Mechanisms: Options*. These were, however, authored by John Anderson himself, and were not the collective effort of the full SCG. Although they were intended to be a summary of the prevailing views in the group at the time of its

¹⁸ This was in addition to the review of the staffing formulae already identified as an issue for consideration by the SCG. In effect, there were two staffing reviews.

dissolution, these reports were, to varying degrees, disowned by some SCG members on the grounds that they contained Anderson's personal view of the issues traversed in them (see Chapter VIII).

None of the SCG members interviewed saw the government's referral of broader educational issues, such as the Titter Taskforce report, as extraordinary. Indeed, it corresponded exactly with the purpose most SCG members saw themselves serving, that of providing advice to the Minister and to government on wider issues in education. For the PPTA, the referral of the property report was something of a 'coup' that helped extend the life of the SCG and aided in the positioning of the group as a logical forum for the resolution of wider education issues. The NZEI achieved much the same goal with the referral of the review of primary staffing undertaken by the SCG in early 1994¹⁹. The majority of members interviewed firmly believed that the SCG was more than simply a single-issue group designed to reach some sort of settlement of the bulk funding crisis. Hence, the referral of issues unrelated to bulk funding was perceived as perfectly legitimate.

Underlying the operation of the group, however, was the significant discrepancy between the official perception and members' perception of the purpose of the SCG, demonstrated by the expansion in the terms of reference discussed above. Although individual members quite clearly saw the SCG as an opportunity for input into future education policy, broadly construed, a different interpretation of events suggests the SCG was a political strategy to contain and defuse an immediate crisis in education in 1992, rather than a forum for consultation as perceived by its members - a position supported, perhaps, by the attempts to constrain the operation of the SCG by defining both terms of reference and operating protocols very narrowly, as well as by the fate of the reports produced by the SCG. According to one member interviewed, official feedback on all the recommendations submitted, prior to the final reports of John Anderson, was nil. While receipt of reports was acknowledged by the Minister, the recommendations made by the SCG appear, thus far at least, to have been largely ignored.

¹⁹ As the only forum in which the unions had input at the political level, both were concerned to keep it going for as long as possible. The source of this comment wished to remain anonymous.

Renegotiation of the Terms of Reference

The extension of the life of the SCG by the referral of other issues necessitated a revision of the terms of reference adopted at the first meeting in October 1992. This occurred between August and October 1993, with the formation of working parties to consider the revised work programme established at the full meeting held on 5 October 1993. The revision of the terms of reference also provided the Minister of Education with an opportunity to attempt a review of the membership of the group. In a letter to Anderson (Smith to Anderson 5.8.93), the Minister suggested additions to the existing terms of reference (*op. cit.* pp1-2) to incorporate the new tasks of the group:

To provide advice on the following issues and undertake the following tasks:

(i) Seamless Education:

- *Confirm an information base on tertiary funding arrangements.*
- *Consider the implications of a seamless PCET system for the resourcing of the Senior Secondary School.*
- *Advise on funding systems for resourcing secondary schools systems that are consistent with tertiary funding arrangements.*
- *Identify the resource implications of options funding systems.*

(ii) Operations Grants:

- *Identify components of the operation grant that may need to be modified.*
- *Advise on the parameters of the review of the operations grant.*
- *Provide feedback on the final discussion paper.*

(iii) School Property: Provide advice to the Minister of Education on School Property related resource issues, prior to the government making final decisions on the administration of school property, and in particular:

- *Provide comment on the principles and the options identified in the School Property Report.*

- *Consider the implications for schools on implementing these options.*
- *Identify the implementation and transition issues to be addressed.*

Retained, too, was the section added by SCG members at their first meeting (*op. cit.* p3). A report-back date of 15 December 1993 for the completion of the review of the School Property Report was also included.

The amendment of the terms of reference was, according to the Minister, 'an opportune time to confirm the current membership of the group and to identify where it may be necessary to appoint new members' (Smith to Anderson 5.8.93). By August, after almost twelve months of operation, the attendance of some representatives at SCG meetings had become problematic. Attendance of the Maori community representative, Iri Tawhiwhirangi, was noted as being of particular concern - she had yet to attend any meetings. Ruma Karaitiana, the Maori representative of the STA, had, up until this time, deputised in her absence. With his resignation, however, the SCG had no effective Maori representation. The bulk-funding trial schools' board of trustees representative, David Jackson, was also finding attendance difficult. The Minister expressed concern with the lack of Maori representation, and believed it was necessary to find a replacement 'to fill the gap'. He was much more sanguine over the capacity of Phil Raffills to represent the views of TSG trial schools in David Jackson's absences, although he did suggest that 'it may be possible to find a Wellington based board member who reflects a similar perspective' (*ibid*).

The Minister also suggested to Anderson that:

It would be sensible at this stage to add to the group a Board of Trustees member who has some experience and interest in school property issues. A [board of trustees] representative interested in pursuing ownership of their school would be an ideal choice (ibid).

Also referred to in the same letter was a memorandum for a draft timeline for the completion of the SCG work programme and a draft 'memorandum of understanding' concerning the operation and resourcing of the secretariat²⁰.

Anderson did not reply to the Minister until October (Anderson to Smith 6.10.93). Interestingly, and quite contrary to some members perceptions of the 'unexpected' termination of the group, Anderson included in his response an approximate date for the work of the SCG to be completed, and, by extension, the end of the SCG itself. He expected the work contained in the new terms of reference to be completed by April 1994, at which stage 'the government [would] need to determine whether there [was] a further or ongoing role for the Group or not' (ibid).

In response to the Minister's suggestions for additional terms of reference, Anderson had a few amendments of his own. These had been discussed at the SCG meeting held on 5 October and so, it could be assumed, had the endorsement of the group. Section (iii) regarding the property taskforce review was accepted unaltered, as was section (ii) concerning the review of operations grants, although the requirement to provide feedback on the final discussion paper was omitted. The four clauses of section (i), however, were condensed into one sentence:

To consider the implications of a seamless post compulsory education and training system for the resourcing of secondary schools and advise on an appropriate funding system consistent with this concept (ibid).

It is clear from other correspondence not released that the Minister questioned this particular alteration. However, Anderson justified it on the grounds that the seamless education process was not fully developed as policy. As such, what consideration the SCG could give it would be largely speculative (Anderson to Smith 29.10.93). No further mention of this was made in either correspondence or minutes of

²⁰ Neither of these, unfortunately, were included as attachments to the letter in the copy released to me.

meetings, so it would appear this particular alteration to the Minister's suggested terms was retained.

The most interesting change, though, was to one of the clauses in the section inserted by the SCG themselves into the original terms. This read in the original:

The consultative group should have regard to the government's commitment:

- To ensure excellence in educational outcomes by enhancing the knowledge, skills and aptitudes of students from the school sector;*
- To recognise school principals and teachers are the key element in ensuring that these outcomes are achieved;*
- To devolve operational management to Boards of Trustees, thus allowing schools to become more responsive to community priorities.*

The final clause, however, had been changed to read:

- To recognise the role of Boards of Trustees, as representatives of parents, in ensuring that schools are responsive to community priorities.*

By dispensing with the focus on boards of trustees as merely the recipients of devolved funding, the clause appears to signal a retreat from the position that bulk funding was necessarily the most appropriate means of ensuring schools' responsiveness to their communities. The emphasis had shifted to the boards' role as representatives of parents, not simply as the mechanism by which schools were to be managed - a clear advocacy of the 'community' arguments for devolution.

Anderson dismissed the Minister's requests to reconsider the composition of the group. In reference to the problems of attendance indicated by the Minister, Anderson noted that independent members,

in contrast to representatives from the major interest groups, were 'specifically appointed to consider the issues contained in the original Terms of Reference' (Anderson to Smith 6.10.93) - a pointed, if somewhat oblique, reminder to the Minister that he was the one responsible for the original appointees. Anderson considered, too, that the group had reached its maximum size, given that additions to the membership had already been made since October 1992. His final recommendation was to make no changes at all. And none were made. The issue of Maori representation was resolved for a short time by the attendance of Iri Tawhiwhirangi at three SCG meetings in September, October and December 1993. From December until its termination, however, she attended no further meetings.

Consensus or Majority Rules?

Although government ministers and officials endeavoured to define and constrain the boundaries of the operation of the SCG through a particular membership configuration as well as through its terms of reference and operating protocols, one factor that could not be predetermined was the SCG's internal processes of decision-making. Although the role of government officials on the group would be to 'guide' its operation, any overt attempt by the government to influence *how* the group reached its decisions would have been entirely unacceptable to those education sector groups whose participation was required to give legitimacy to the SCG in the education sector. Moreover, given that an important underlying rationale for the SCG was its capacity to divert the very public hostility between the teacher unions and the government occurring in 1992, such manipulation of its operation, and hence its outcomes in terms of advice to the Minister of Education, would have exacerbated, not relieved, the conflict. In the end, Ministers and officials did what they could to shape the outcomes of the Group by manipulating those factors under their direct control.

A key figure in determining the internal processes of the SCG was its chairperson, John Anderson. According to Kevin Bunker of the PPTA, one of Anderson's main concerns was that, regardless of the direction

the government was taking in education policy²¹, the process by which they were attempting to implement their agenda was wrong. It was disaffecting the constituencies whose support was required for the successful implementation of policy and was, thus, electorally damaging. Consequently, a process was required within the SCG to mitigate the damage caused by the alienation of education sector groups from the political arena. Anderson's goal, therefore, was to encourage a process whereby a 'broadly-based consensus could be reached on most issues' (Bunker, interview 6.10.94) in order to recreate the stake of interest groups in the reform process.

While not all members of the SCG explicitly used the word consensus when interviewed, the process by which decisions were made was clearly not just a reflection of majority opinion - nor could it be, given the diversity of views represented on the group as well as its conflict-containing role. And while just about all members interviewed acknowledged the difficulty of a consensual approach to decision-making given the conflicting views within the group, by the time the SCG began considering its work programme in April 1993, sufficient goodwill had been generated by Anderson's chairmanship and the commitment of members to open and frank discussion of their positions (and, no doubt, the apparent willingness of the government to once again consider the views of sector groups), that a genuine attempt appears to have been made to adhere to the philosophy of negotiating an outcome to all issues acceptable to all members.

While the SCG had been clearly focused, in its initial stages, on the resolution of the industrial conflict of 1992, once a settlement had been reached the emphasis clearly shifted. The SCG began to look like a genuine 'consultative' group, with the referral by ministers of other quite contentious issues, and thus appearing a somewhat contradictory development, given the neo-Liberal position on interest group involvement in policy formulation that had prevailed throughout the reform process during the 1980s. For a short time, at least, it appeared that a corporatist-type approach was working for the state. However, underpinning this apparent 'success' was the on-going issue of the

²¹ It appears to have been common knowledge in the Wellington education community, however, that Anderson was opposed to bulk funding.

funding mechanism for teacher salaries. By December 1993, although a report had been presented to the Minister, its recommendations were interim measures only. Further work, according to the SCG, needed to be done on related issues before the bulk funding question could be laid to rest. It is somewhat ironic, perhaps, that the decision-making processes within the SCG established in order to find a resolution to this most contentious of issues, and utilised successfully in the resolution of others, was ultimately compromised by the revisiting of the bulk funding issue in early 1994. Chapter VIII outlines the role played by bulk funding in the decline and eventual collapse of the SCG.

Recommendation 10: A Solution to the Crisis?

By early 1994 much of the work of the SCG was in varying stages of completion. Final reports were in the process of being prepared for the review of school property and entry/exit and retirement provisions, and progress on a Ministry of Education review of schools' operations grants was being monitored. Two important items on the SCG work programme, though, remained outstanding: further consideration of the mechanism for financing teachers' salaries and the review of the teacher staffing formula¹. Both issues were part of the substantive recommendations made to the Minister of Education in the December 1993 report, *The Principles and Mechanisms for the Financing and Payment of Teachers' Salaries*. In this report, further consideration of the funding mechanism for salaries was contingent upon the outcome of a review of the staffing formula - according to the SCG, the question of *what* to fund needed to be settled before consideration could be given to *how* the funding was to be provided.

The SCG did, however, provide some interim advice concerning an appropriate mechanism for the delivery of teachers' salaries. In the December report to the Minister, the SCG recommended that:

- (8) *the TSG trial formula not be applied nationally.*
- (9) *existing contractual obligations to TSG schools be honoured.*
- (10) *subject to the completion and outcome of the staffing review, the mechanism for the financing of teachers (sic) salaries be the payment of the applicable staffing formulae combined with the actual salaries of teachers employed into school bank accounts, with teachers paid by boards according to applicable contractual arrangements.*

¹ The formula by which the staffing entitlement for each school is determined, 'and delivered as a quantum of hours or full-time teacher equivalents' (SCG Staffing Sub-group contextual paper, February 1994).

In other words, the same mechanism as the Salaries Grant for Management that had been introduced the previous year.

Recommendation 8 appeared to have the support of the group as a whole, even of TSG school representatives. While they were recorded in the minutes as not wishing to return 'to what they perceived as a more restrictive mechanism', they agreed that it was the collective responsibility of the SCG to 'find a mechanism appropriate to national needs' (SCG minutes 3.9.93). The most interesting aspect of recommendation 10, however, was that while it did not have the support of all members, it had their qualified endorsement. According to the minutes of the meeting in December 1993 prior to the submission of the *Principles and Mechanisms* report to the Minister, this recommendation, 'as expected, had generated most interest and debate' (SCG minutes 2.12.93). In spite of this, though:

While there were reservations expressed about recommendation 10 all group members were comfortable with the full report and recommendations going forward as part of the interim report of the Group in order for work to proceed on the review of teacher staffing and other matters referred to the SCG (ibid).

While this hardly constitutes a consensual position on the issue of the salary funding mechanism, the inclusion of recommendation 10 appeared to be an indication of the extent to which a certain amount of 'goodwill' had, thus far, been generated by the SCG process - to the point where a collective position could be taken that was clearly contrary to the views of those SCG representatives of schools in the bulk funding trial, in order to advance discussion in other areas². Indeed, in the minutes of an earlier meeting in which a draft of the recommendations was considered, both the TSG school's representatives and the teacher unions expressed concern that the proposal to extend the Salaries Grant for Management mechanism

² While the report containing recommendation 10 was not released until December 1993, in a column in the 'PPTA News' of April 1995, Kevin Bunker makes the statement that recommendation 10 was part of the reason why PPTA *joined* the SCG in 1992. From this it might be adduced that recommendation 10 was the initiative of the PPTA. It might also be suggested that agreement to a modified form of bulk funding was the price the PPTA was prepared to pay in order to secure participation at the political level.

compromised their respective positions on bulk funding. The TSG schools were reported as being 'very happy' with their experience of bulk funding. Conversely, the PPTA and the NZEI reported that reaction to the recommendation at their annual meetings was negative, with members seeing the proposed extension of the SGM as providing a mechanism for the later imposition of per capita cash funding (SCG minutes 3.9.93). Yet in spite of these concerns, union members believed it was 'important to put this issue to rest and encourage an environment of goodwill as a basis for establishing a better framework for contract negotiations' (ibid).

Regardless of the apparent goodwill toward the process of negotiating an agreement on the issue of bulk funding, the recommendations of the *Principles and Mechanisms* report merely delayed what many believed was an inevitable conflict. Bulk funding was, after all, the essential *raison d'être* for the existence, as well as the constitution, of the SCG; the quiescence of opposition over Recommendation 10 notwithstanding, the bulk funding question had still to be confronted. Having shaped the nature of the SCG in such a fundamental way, bulk funding was, in many respects, an intrinsic structural weakness. While considerable goodwill was being generated within the group around educational and 'professional' issues, on the industrial relations problem it was established to solve the membership remained hopelessly divided. It was no surprise, therefore, that the revisiting of the issue early in 1994 was identified by a number of SCG members as being central to the disintegration of the group later in the year.

In addition to the still unresolved bulk funding question, the expanded scope of the SCG's function as perceived by most of its members finally collided with the much narrower view of the government over the outcome of the review of the teacher staffing formula. A secondary factor in the demise of the group, the SCG crucially changed the focus of the staffing review working party from considering the technical issues of *how* to pay salaries to the political question of *how much* to pay, that is, questions regarding the adequacy or otherwise of Vote:Education. The role of both these factors will be examined.

Bulk Funding Revisited

In a letter to John Anderson dated 26 January 1994, the Minister of Education acknowledged receipt in December of the interim *Principles and Mechanisms* report. The recommendations made to the Minister in this report, mentioned earlier, detailed the need for a review of the teacher staffing formula to be conducted before the question of delivery mechanism could be revisited. To this end, at the SCG meeting held on March 1 1994, a staffing subgroup was established with its first meeting date set down for 29 March. However, while the question of bulk funding was effectively side-lined by the staffing review³, pressure was mounting in other quarters to ensure bulk funding stayed on the agenda - most notably from the Minister of Education via his Ministry.

As mentioned in Chapter VI, the Ministry of Education was perceived by a number of SCG members as being antagonistic towards the group. Both occupied the same territory as providers of policy advice to the Minister, with the work of the Ministry frequently duplicating the work programme of the SCG. For example, running parallel with the SCG consideration of salary funding mechanisms was a Ministry of Education work project, *The Provision for Resourcing of Teacher Salaries in Schools*, a project it expected to have concluded by May 1993 - well ahead of the timetable for SCG policy recommendations. Not only was the SCG a policy competitor, but it was also calling into question a policy direction that both the Minister and the Ministry were clearly in support of and wished to see implemented.

During the six months from the submission of the *Principles and Mechanisms* report in December 1993 to the final full Group meeting held in July 1994, it was becoming increasingly apparent that SCG recommendations on bulk funding were not the only ones being solicited. A company called Dialogue Consultants Ltd had been contracted by the Ministry of Education to review teacher resourcing in schools, with its final report, authored by Murray Ellis, submitted in September 1994⁴. In addition, during the six months to July, the

³ According to the PPTA, the pressure on the SCG by the NZEI for a review of primary staffing, an issue that had been outstanding for some time, was instrumental in allowing the supporters of bulk funding, both within and outside the SCG, time to 're-group' and organise their campaign to get SCG support for it more effectively.

⁴ The unified staffing system recommended in this report reputedly formed the basis of the staffing model recommended by the later Ministerial Reference Group.

Ministry of Education was preparing documents outlining possible future options for the TSG trial⁵. With the submission of the SCG's report, both the Minister and the Ministry would have been fully aware that the SCG recommendation to implement what was essentially a universalised SGM mechanism was incompatible with the system of funding operating in the TSG trial. In a letter to the Minister from the Ministry of Education Group Manager Implementation (Gibson 22.4.94), concern was expressed that

...the work currently [being] undertaken by the Schools Consultative Group is constrained by the agreement reached at SCG to a different path to the bulk funding of salaries. (emphasis added).

At the beginning of 1994, the Ministry of Education revisited the issue of the TSG trial with the Minister of Education. The trial had been initially approved for a three year operating period, from mid-1992 to mid-1994⁶. Beyond that, no provision had been made to fund its continuation. As noted in Chapter VII, confirmation of the closure of the TSG trial to new participants was provided by the Minister of Education as part of the settlement of hostilities in early 1993. And, according to a comment made by John Anderson at the time the confirmation was received, there appeared to be an expectation that the trial would not continue beyond 1994 with, presumably, the recommendations made by the SCG perhaps being implemented for the 1995 school year. Anderson noted that: 'It now seems appropriate that the Trial *runs its course* without disruption while SCG examine other alternatives and models as requested by the Minister' (Anderson to SCG members 28.2.93, emphasis added).

In a letter to Smith and Birch dated 14 February 1994, however, the Ministry of Education proposed that the TSG trial continue beyond

Interestingly, the report also alludes to a 'scoping exercise' being undertaken by another contractor concerning a future EFTS (equivalent full-time student) system for the school sector.

⁵ These documents were obtained by the PPTA under the Official Information Act.

⁶ While the school year in New Zealand corresponds to the calendar year, financial years for the government run from July to June the following year. Thus the TSG scheme was to operate for the financial years 1992/93, 1993/94 and 1994/95, and would have ceased in the middle of a school year.

1995. In the letter the Ministry sought his approval for an additional \$8 million required to fund an extension to the scheme for the 1995/96 and 1996/97 financial years (Gill to Smith and Birch 14.2.94). At the same time, one of the policy options being explored by the Ministry in its own evaluation of salary resourcing mechanisms was a scheme similar to the TSG trial model - policy advice diametrically opposed to the recommendation of the SCG that the TSG formula not be applied nationally. Because of this:

...it is desirable to allow those schools currently in the trial to remain under these arrangements until decisions on future policy have been made and the arrangements for 1996 and beyond are known (ibid).

In other words, the TSG trial model might be the model eventually implemented, and therefore schools in the trial may as well be funded in anticipation of its possible national implementation. That bulk funding, in one form or another, would indeed eventuate was reinforced by the Minister in a speech (The Press 18.4.94), in which he expressed his desire to see secondary schools bulk funded under much the same system as tertiary education⁷.

In a second letter to the Minister of 22 April, the Ministry again suggested the TSG trial continue beyond 1994. In addition, however, it also proposed that the Minister should consider re-opening the trial to new schools on the grounds that 'further implementation experience could be gained within a controlled environment' (Gibson to Smith 22.4.94). In addition, the Ministry informed the Minister that increasing numbers of schools had indicated they wished to participate in the TSG trial. Also noted was the 'difficulty' this course of action may cause, given the position of the SCG on the matter.

The case the Ministry presented to the Minister was overwhelmingly in favour not only of the extension of the TSG trial beyond 1994 for existing schools, but also for the inclusion of new schools - policy advice completely at odds with the Ministerial guarantee given to the

⁷ The tertiary sector in New Zealand is funded on an Equivalent Full-Time Student (EFTS) basis.

SCG. A background paper was prepared detailing the funding necessary for the transition of new participants to the scheme. Interestingly, also included in this paper were costings for the national implementation of a full bulk funding regime based on the TSG trial formula. Furthermore, it appeared that funding had been applied for in the current year's policy round for transitional costs for its implementation 'in anticipation of a phased arrangement [of] about one hundred schools a year' (ibid). Not surprisingly, a 'risk factor' identified by the Ministry to this proposal was the SCG.

By 5 May, however, the Minister of Education had informed various 'gate-keeping' ministers, notably the Prime Minister and Deputy and the Minister and Deputy Minister of Finance, of his intention to extend the three year term of the bulk funding trial and to permit the entry of new schools into the scheme. There was, he reassured them, increasing support for the TSG trial as well as a lessening in opposition to bulk funding from the school sector. He also informed them that it was unclear whether the SCG would be able to reach a decision on the issue of funding mechanism. Thus, in order to provide some choice for schools, the trial was to be extended and expanded. Not only had the Minister broken his word to the SCG regarding the future of the TSG trial, but was seriously pre-empting the group's decision⁸ - the report of the staffing review subgroup, who were considering the issue of funding mechanisms, did not table its report to the full SCG until the meeting held on 4 July (SCG minutes 4.7.94) and the Minister of Education not officially advised of the impasse until 12 July. It is interesting to note, too, that the Minister made particular mention of the support received for the proposal to extend the trial from the NZ Principals' Federation, SPANZ, the ISPA, the STA, as well as the Association of TSG schools - groups, moreover, whose representatives were still putatively considering various proposals for the funding of teachers' salaries inside the SCG.

'Jumping the Gun' - the Review of the Teacher Staffing Formula

While the Minister and the Ministry were planning for the extension and expansion of the TSG trial, the SCG was proceeding with the

⁸ In a letter to Anderson dated 10 June 1994, Smith wrote saying he was looking forward to getting the SCG's recommendations on bulk funding and how pleased he was to support their work.

review of the teacher staffing formula, as it had recommended in the *Principles and Mechanisms* report. As already mentioned, the subgroup to consider the staffing formula - chaired by Bruce Adin of the NZEI - was set up at the SCG meeting held on 1 March 1994, although not convened for its first meeting until 29 March. Contained in the minutes of the 1 March meeting were the terms of reference for the subgroup:

To review the teacher staffing formulae, taking into account the learning and development needs of students by examining and making recommendations on the options:

- (i) for determining the amount of teacher staffing for curriculum delivery and particular tasks required of schools;*

and

- (ii) for delivering resources for school and individual student equity.*

To review the teacher staffing formulae taking into account where appropriate:

- (i) the New Zealand curriculum framework;*
- (ii) the emerging qualifications framework;*
- (iii) community and societal expectations of schools, and*
- (iv) implications of a seamless education system.*

To comment on the appropriateness of the mechanism for the delivery of teacher staffing resources contained in recommendation 10 of the interim report of the Schools Consultative Group December 1993 (SCG minutes 1.3.94).

While no timetable was indicated for the completion of the work of the subgroup, a final report was submitted to the SCG at its meeting on 4 July 1994. This was, in fact, to be its last meeting.

The constitution of the subgroup was, as might be discerned from the issue it was assigned to consider, very finely balanced with equal numbers of members representing both sides of the bulk funding debate⁹. Between 29 March and 20 June, the group met on eight occasions (Teacher Staffing Formulae Review Subgroup Report, July). However, as with other subgroup minutes, no record of these meetings was available. By 27 April, in a progress report tabled by Bruce Adin to the SCG, the subgroup had agreed to the principles and conceptual framework that would guide the review. By this stage, the only subgroup tasks remaining were discussion of the crucial delivery mechanism, recommendation 10 of the December 1993 report, as well as consideration of, according to the minutes, 'levels of resourcing'.

According to the subgroup report tabled in July, the staffing review was divided into four parts: resource generation, resource level, allocation and usage, and delivery mechanism. From the report it is clear that the work of this subgroup was framed within the expanded role of the SCG. From simply addressing technical aspects of how to provide schools with teachers, the focus had become the *amount* of resourcing it would take to achieve a particular staffing level - staffing that would produce desired outputs in terms of curriculum delivery, management of resources and equity for students.

The issues of resource generation and resource level are the most interesting points here. The subgroup developed a set of principles to underpin the generation of teaching resources which explicitly articulated many of the criticisms that had been levelled at the government in terms of cost-cutting, increases in staff-student ratios and teacher workload:

- (ii) *Any system should seek to provide sufficient staffing to enable a fair chance of quality educational outcomes for each student in each school;*

⁹ The members of the subgroup were: Bruce Adin, NZEI (chairperson); John Fleming, NZPF; John Sutcliffe, ISPA; Derek Chapman, SPANZ; Phil Raffills, principal, bulk-funding trial school; Lena Orum and Kevin Bunker, PPTA; Donna Hickey, STA; Pat Lynch, APIS; Cathie Penitito, NZEI. It is interesting to note that, unlike other subgroups, no government officials are recorded as members.

- (iii) *Any system should seek to provide sufficient staffing to enable national and local curriculum requirements to be met;*
- (iv) *Any system should seek to provide sufficient teachers so that students can have individual needs met within a classroom environment;...*
- (vii) *Any system should seek to provide sufficient teachers so that each teacher has a manageable workload (Teacher Staffing Formulae Review Subgroup Report, July 1994).*

The Subgroup's comments on resourcing levels were even more critical:

23. *The subgroup questioned the assumption that the overall level of resourcing in the sector is adequate. This assumption leads to an approach of fiscal neutrality. The subgroup rejected this approach in favour of one of fiscal responsibility.*

24. *The subgroup felt that it was unable to reach any conclusive view on the level of resourcing because of the lack of any agreed objective data or analysis on the amount of resourcing required to meet current or future need (ibid).*

Its recommendations on resource levels demonstrate unmistakably the subgroup's encroachment into questions of overall government policy, in clear contravention of protocol two¹⁰:

27. *It is recommended that evaluative research is undertaken to determine:*

- (i) *the teaching resource required to deliver the curriculum in today's (sic) schools;*

¹⁰ 'The group's sphere of advice is that covered by the agreed Terms of Reference. The group does not have the power to veto any decisions or implementation processes agreed by the Government.'

(ii) *the teaching resource required to manage and support curriculum delivery; and*

(iii) *the quantum of resource required to support equity in curriculum delivery.*

This straying into the perceived inadequacies of education funding was not universally agreed to by the SCG. In the minutes of the full SCG meeting held on 27 April, an abbreviated discussion was recorded on 'whether the work of the subgroup on levels of resourcing should be constrained by current resourcing levels'. It concluded, though, that 'fiscal issues should be addressed as one of the final considerations' of the group. According to two SCG members interviewed, however, evaluating the adequacy of funding was clearly implicated in what was seen as the 'premature' ending of the group. Both saw resourcing levels as being, in the end, 'a political decision' - a decision not only outside the purview of the SCG's terms of reference for providing policy advice, but also in terms of their skill to undertake and evaluate costings of various options. According David Jackson, the SCG could (and should):

only give advice; officials then have to go away and work out whether the advice can be used.

Damage Control: the Final Meeting

The majority of the SCG, however, was in favour of the recommendations made by the subgroup. At the meeting of 4 July, when the staffing review report was debated clause by clause, none of the final recommendations created any debate or amendment. In fact, few of the changes suggested at the meeting could be described as substantive; they related mainly to organisational aspects of the report, such as the replacement of diagrams or the reordering of paragraphs (SCG minutes 4.7.94). All members endorsed the conceptual framework recommended in the report and agreed that technical work to model and test the proposals it contained was needed.

The one factor, yet again, that the subgroup could not agree on was the delivery mechanism for salaries. The subgroup advised in their report

that 'they were unable to reach a consensus position¹¹ on point three of its terms of reference' and that consideration of recommendation 10 was referred back to the full SCG 'on the direction of the Chairperson' (Teacher Staffing Formulae Review Subgroup Report July 1994).

Although the minutes documenting the debate over bulk funding in the sub group meetings were not available, several members referred to events that took place - the most notable of which was the vote on the issue called for by Phil Raffills. As discussed in an earlier chapter, the processes by which the SCG reached decisions were based very firmly on negotiation and consensus - successful, albeit in relation to much less contentious issues. Throughout the full term of the SCG and its various subgroups, no formal voting procedure had ever been instituted for any issue under consideration. Yet at the final subgroup meeting on the staffing review, members were compelled to participate in a somewhat crude version of 'majority rules'.

According to John Sutcliffe, President of the Intermediate Principals' Association and member of the staffing review subgroup, a 'sensitive situation' occurred at its final June meeting:

Now where it all came to pieces was when, one fateful afternoon, a vote was called for. You don't vote on those things, you discuss and talk and reach positions. People felt they had to retreat to their trenches. I can remember that so vividly, I thought 'this is wrong, so absolutely wrong'. It was in that dangerous time of 2-3 o'clock when people are tired, irritable and need a break....That's what seemed to torpedo it.

According to Phil Raffills, however, a clear consensus was emerging within the subgroup in support of bulk funding. But the minutes, he claimed, persisted in recording that no agreement could be reached. At the meeting in which the vote took place, he says:

...I was ropable. I spoke to STA and said 'this is crazy, you're saying that this group operates on consensus and we have to

¹¹ Debate over bulk funding in the subgroup had centred around two options: either to allow boards a choice of delivery mechanisms or to apply a single mechanism to all schools (Subgroup Report 1994).

have a consensus. What I'm saying is already it appears to me there is a majority of six, or whatever, in favour of having a choice - which includes bulk funding. Now I want every sector group to go around the table and state their view'. No way were they going to have that. John Anderson wasn't there but it was chaired by an NZEI person, and with Patricia McNeill having a very strong influence on the group, there was no way - they were not going to allow it. I insisted and pushed it, and we all went round and stated our views. It was clearly seven to two in favour of choice.

While precipitated by Raffills, his action was viewed by others on the group as evidence of a concerted push by members and officials, both inside and outside the Group, to get bulk funding (or something close to it) through with the endorsement of the SCG. For both the PPTA and the NZEI, the alignment between the Minister, the Ministry and some members of the SCG over bulk funding was clear and long-standing. Other members, too, saw the hand of the Ministry¹² in the proceedings:

It became clear as the Group continued, as it went into [1994], that the Ministry officials were meeting separately and certainly planning some strategy.¹³

The vote destroyed the goodwill generated within the group and polarised the SCG. Its effect, at the full group meeting in July, was for members to retreat to their 'fixed positions'.

John Anderson's role at the final full SCG meeting seems to have been one of damage control. While dissension over bulk funding was ever-present in the SCG, it had been effectively controlled and constrained to a considerable degree by the group's willingness to comply with its internal procedures and processes for negotiated outcomes, as well as by simply delaying the debate. The vote over bulk funding, though,

¹² A group known as the TSG Referral Group, of which Phil Raffills was a member, were meeting with Ministry of Education officials from at least the beginning of 1994. As well as this formal channel of contact with Ministry officials, it seems that he also had considerable informal contact with them as well.

¹³ Member of the SCG interviewed for this project. The quotation cannot be attributed directly.

appears to have taken most members by surprise. Indeed, according to John Sutcliffe, the contrast between the previous meeting on 27 April and the 4 July meeting in terms of 'the spirit of consensus and goodwill' was stark¹⁴.

In the face of this withdrawal to fixed positions, Anderson suggested that a technical group be established to test not only the feasibility of the staffing formula but also to 'provide a description and cost analysis of the delivery mechanisms discussed by the subgroup' (SCG minutes 4.7.94) - a suggestion to which members agreed. While this work was being undertaken, over approximately three or four months, the SCG agreed that the delivery mechanisms for salaries that were already in place should apply for 1995. On 12 July, Anderson advised the Minister of Education, the Prime Minister and the Minister of Finance of the substantive recommendations of the 4 July meeting and forwarded to them the minutes and the staffing review subgroup report, along with details of the proposed technical working group to investigate delivery mechanisms 'in terms of cost and implementation' (Anderson to Smith 12.7.94). Suggested terms of reference for the group were also appended which included making recommendations on:

- *a methodology for determining the level(s) and quantum of teaching resource required by schools to deliver the curriculum, to manage and support curriculum delivery and to support equity in curriculum delivery;*
- *to describe, provide a cost analysis and investigate transition and implementation of the options for delivery of teaching resources discussed by the SCG. That is:*
 - (i) *a system which would allow boards to choose one of the following:*

¹⁴ It is also possible, although there is no evidence to suggest this is the case, that in the intervening weeks the proposal of the Minister to implement bulk funding trial formula may have 'come to light'.

delivery in hours/FTTE;¹⁵

delivery in hours/FTTE with the ability to cash in up to 100% of entitlement;

the TSG formula;

an EFTS system (ibid).

November 30 was tentatively set as the date by which the technical group was to complete its work and report back to the full SCG. Anderson suggested to Smith that, after receiving responses to the proposed terms of reference from SCG members, they meet to 'discuss the process' (ibid). This was the situation with regard to the status and operation of the SCG as members left it on 4 July 1994. The group was eventually disbanded amidst some confusion around September without meeting again.

The 'Final Reports' of the SCG

For what seems to be the majority of members, the first indication the SCG had been disestablished came with the release of two summary reports, apparently authored by John Anderson, on 5 September 1994. In a covering letter to members, Anderson informed them a meeting had been held, on 23 August, between himself and the Ministers of Education and Finance to discuss SCG recommendations concerning the staffing review and proposals for the technical working group (Anderson to SCG Members 5.9.94). This meeting had, in fact, been delayed until the outcome of a crucial by-election in the Selwyn electorate was known¹⁶.

¹⁵ Full-time teacher equivalents - a staffing driven funding formula.

¹⁶ Selwyn was the electorate of the former Minister of Finance, Ruth Richardson. Richardson, who had been even more unpopular than her predecessor, Roger Douglas, had lost crucial support from within the business sector (Kelsey 1995). After the National party barely scraped home in the 1993 election with a one seat majority, political pragmatism took over. Richardson was replaced by former Minister of Labour and State Services Bill Birch. Dissatisfied with the powerlessness of being a back-bencher, she resigned in 1994. Given National's precarious parliamentary majority, the outcome of the by-election was critical. As it was, the newly-formed Alliance, a coalition of left-wing political parties, came within 500 votes of winning the seat (ibid).

According to Anderson's letter, it had been agreed at that meeting that he should prepare a report for the Minister detailing:

- *the work of the group to date;*
- *the options available to the government for delivering resources to schools in order for them to employ teachers; and*
- *the relationship between the delivery mechanism issue and reform programmes particularly the Curriculum and Qualifications Frameworks, and issues arising from these.*

Two reports covering these issues were forwarded to members, *Education Priorities in the School Sector*, and *Teacher Staffing and Resource Delivery Mechanisms: Options* (see Appendix III). They were, in fact, appendices to a separate letter forwarded by Anderson to the Ministers of Education and Finance and the Prime Minister which outlined, in general terms, the work of the SCG over the two years of its existence. In this letter Anderson summarised the position reached by the SCG at its last meeting and outlined the alternative funding mechanisms the technical working group was intended to investigate: partial bulk funding and board choice¹⁷. Anderson included two further options that he believed were open to the government: the maintenance of the status quo, that is, centralised funding, or full bulk funding.

The final reports contained a clear rebuke from Anderson to the Minister in terms of the emphasis that had been placed on the issue of the funding mechanism for teachers' salaries throughout the life of the SCG. His comments were also critical of the nature of the educational reform process carried out and the 'inertia and uncertainty' that it had created in schools (*Education Priorities* p5). In *Education Priorities in the School Sector*, Anderson outlined, in general terms, what he considered were the key areas arising out the

¹⁷ Under this option, school boards could elect to receive their funding for teacher salaries in any combination of cash or teacher hours.

reform process, areas that required 'clarification and improvement' (some of which were central components of National education policy), for example: the viability of school boards of trustees as a management structure; the risks to schools of bad financial management as well as increasing inequalities between schools in terms of the wealth of their community; and the educational viability of schools as stand-alone competitive units, and the consequences of such an organisational structure for equality of opportunity.

In his identification of the issues that required immediate attention, bulk funding was not a priority. Indeed, the issue of mechanisms for the resourcing of schools were what he considered to be of a 'third order' priority. The most pressing, or 'first order', issue was the curriculum and qualifications frameworks. The lack of understanding and support for the frameworks, the absence of policy integration between the two and inadequate levels of resourcing all required the attention of government. Second order issues revolved around four key policy areas that underpinned curriculum and qualification reforms: the implications of parental and school choice; the effects of choice on equality of opportunity; the tension between national standards versus local decision-making; and the effects of cost cutting in the school sector.

The 'third order' issue of funding mechanism was the subject of the second report, *Teacher Staffing and Resource Delivery Mechanisms - Options*. In this, the four options outlined above were considered in detail. Full bulk funding, as in the TSG trial model, had the virtue of being consistent with government policy for increasing the level of school self-management, yet would face considerable opposition, he believed, from both opponents of bulk funding and supporters of school choice alike. Board choice, an option suggested by the School Trustees Association, was difficult to evaluate without the costings that were to be carried out by the SCG's technical working group. The status quo, the delivery of the majority of teachers' salaries in hours or full time teacher equivalents, was also considered 'not strictly viable' (*Options* p2) - on the grounds that:

...a number of initiatives in place (SGM) or due to be implemented over the next two years (outcome of the

review of supplementary resourcing) already redefine the status quo (ibid).

The final option, partial bulk funding, where core curriculum functions would be delivered through teaching hours with equity and management functions delivered in cash, was clearly the option most favoured by Anderson. The most important aspect of this option was:

It could receive the support of the unions as well as the majority of boards and principals, thus retaining the goodwill in the sector essential for the effective implementation of the wider reform programme (ibid:5).

In addition, it would allow flexibility, give schools the experience of bulk funding in a manageable way, would provide a stable environment within the school sector, and would 'create the opportunity' to reform teacher employment contracts. Its drawback, however, was that it was not 'the full bulk funding model' (ibid).

In a final comment on the level of resourcing, Anderson was forthright in his criticism of the amount of funding made available to implement the government's initiatives in education. Reviews of staffing schedules and formulae were required in light of the demands made by the new curriculum and qualifications frameworks, the impact of technology on teaching and the concept of seamless education. Furthermore, according to Anderson:

Attention to this element of the overall question of teacher staffing would do much to allay fears in the sector that policy is driven by a desire to cut the overall cost of the teacher salaries budget (ibid:6).

Anderson ended his covering letter to members by noting that, with the preparation of these final two reports by him, the work of the Schools Consultative Group was over, and that it was now 'up to government to consider the options in the wider context of educational reform' (Anderson to SCG members 5.9.94).

Reaction to the Dissolution

The response of members to the dissolution of the SCG was mixed. For some, its ending was anticipated; for others, it came as a complete surprise - 'shocked and appalled' according to one particular member. While most expressed disappointment and concern that the government was dispensing with a forum such as the SCG, a not unexpected sentiment given the circumstances of the previous five years, by far the most trenchant criticism was reserved for John Anderson, who many believed had initiated the termination of the group. Members not only objected to what they saw as his premature ending of the SCG, but also strongly disapproved of the content of the reports and the lack of consultation over them. With extraordinary amnesia, some members believed Anderson was guilty of breaching what was an already seriously compromised SCG 'process'.

For the two teacher unions, the end of the SCG was no surprise. According to Joanna Beresford of the NZEI, the SCG had reached the end of its useful life by mid-1994. In terms of its work programme, a number of tasks had been completed, although for the NZEI there remained the key issue of primary school staffing that had yet to be resolved. More significant, though, was the resurfacing of the structural tension within the group created by its membership configuration. Moreover, according to Beresford, the difficulties in the relationship between the group and the Ministry of Education had also reached a critical mass:

I'd always thought the group was top-heavy and there was a question of whether it would collapse under its own weight over a period of time. So I think there was a question as to whether the group should have been reconstituted or reformatted - bulk funding should have been set to one side and a slightly smaller, more cohesive group [formed]....I think there was beginning to be a question mark [too] as to whether the SCG in its current form, with a Ministry who was so clearly opposed to some of the things coming out of the SCG, was going to continue to be a useful forum. I guess what you could say is that John Anderson's letter brought that to a head.

The PPTA, too, expressed official disappointment that the SCG had ended without resolving all the issues it was designed to consider (PPTA News, September 1994). For the PPTA, however, the SCG was becoming a liability. The structure of the group was such that, even though most of the groups involved represented a very small constituency, a consensus decision was emerging on the side of bulk funding and, furthermore, this outcome had been given time to emerge by the NZEI's pursuit of the primary staffing review through the SCG. According to Martin Cooney, if the SCG had kept to the position on bulk funding contained in recommendation 10 of the *Principles and Mechanisms* report of December 1993 (the extension of the SGM to all staff), this would have had the full support of the PPTA. As it was, the staffing review created a breathing space for the pro-bulk funding lobby to reform and plan a renewed strategy. Overall, the PPTA accepted the termination of the SCG before it could come out in favour of bulk funding.

The PPTA was not surprised, either, that Anderson had moved to terminate the group. According to the PPTA, Anderson was fully aware of the alignment between, and machinations of, the Ministry of Education and the supporters of bulk funding within the group, and saw that because of their 'close collaboration', the SCG process was essentially doomed. Furthermore, the deliberate imbalance in the group's membership engineered by the Minister of Education would eventually prevail. As it was, Anderson had steered the group towards a solution to the impasse in bulk funding that would have seen the extension of the SGM mechanism to all teachers, a position supported by the teacher unions, although the membership of both expressed some opposition. Thus, the issue had been resolved by the end of 1993. But with bulk funding revisiting in mid-1994, it was clear that the SCG would reach a position that would be opposed by the unions. By this stage Anderson had been appointed to the Employment Task Force and, according to Kevin Bunker, was having his views on education affirmed by the views being expressed to the Task Force: that the priorities in education were not administrative, but concerned the curriculum and the adequacy of funding available to do the job. Again according to Kevin Bunker, Anderson believed these views needed to be expressed to the Prime Minister - and were, via his final reports.

While both unions were happy with the position taken by Anderson in his reports to the Minister, many other members were not. Publicly, though, opposition was articulated largely in terms of a breach of SCG process, not a dispute over the content of the reports. While some members were 'dismayed' at some of the conclusions, a media statement was released on 20 September, with the assistance of the Ministry of Education, in which the representatives from the STA, the NZPF, SPANZ, the ISC, the APIS and the NZISP publicly dissociated themselves from the manner in which the final reports had been formulated:

While we acknowledge the personal view of John Anderson...about the work of the group dealing with school staffing and resourcing, we do not accept that the process of consultation regarding the agenda of the Group has been concluded. The chairman's report to government has not been endorsed by the Group.

Although some participants were happy with Anderson's account of the work done by the SCG, for example both David Jackson and John Sutcliffe of the NZISPA¹⁸ endorsed his reports as a fair summation of the views held by the group, most objected to his unilateral authorship of them. They were disappointed that no final meeting had been convened to debate the contents before submission to the Minister, in spite of Anderson's assertion that 'the nature and timing of the Minister's request' to produce the final reports prevented him from doing so (Anderson to Members 5.9.94). It is clear, however, that the endorsement of the reports by the SCG was unnecessary; they reflected Anderson's own views, not the view of the group¹⁹. If it can be argued there was an alignment between the Minister of Education, Ministry officials and the supporters of bulk funding on the SCG, the same could also be said of Anderson and the teacher unions. From the outset, Anderson had clear sympathies with the PPTA's position

¹⁸ John Sutcliffe was the representative for the Intermediate Schools' Principals' Association for most of the term of the SCG. By the time of the release of the media statement in September 1994, he had been replaced by Brian Davison who supported the views contained in the release.

¹⁹ Indeed, this was the instruction given to Anderson at the meeting with Birch and Smith. He was not asked to provide the SCG's outline of their own work or views; he was asked to prepare the report himself.

particularly, and, from the contents of his reports, shared many of the unions' concerns over the structure and direction of education policy. Given the extent to which Anderson was presenting his own concerns about the education sector, it was highly unlikely that ratification by the full SCG would be forthcoming.

It is questionable whether the complaints that Anderson had not respected the process of consensus and consultation were a genuine concern. In the media statement, while objections were framed in terms of the lack of consultation, the dissatisfaction with the process was, in fact, displaced opposition to the views Anderson presented. If the reports submitted to the Minister had endorsed the full bulk funding option, it is highly likely that those SCG members protesting the lack of consultation might have been considerably less vociferous in their opposition. As it was, objections over the *process* rather than the outcome (that is, no support for full bulk funding) was the only possible avenue for protest, in public at least; it would be difficult for those supportive of bulk funding to display their own agenda so openly without also being exposed to the accusation of compromising the consultation process.

The storm over the dissolution of the SCG broke publicly in late September, when the press carried reports of the row generated among members by Anderson's final submissions to the Minister. The split in the SCG over the bulk funding issue, though, had been alluded to earlier in July. In a speech to school trustees, the Prime Minister had made reference to the stand-off within the SCG over the salary funding mechanism and asked whether or not trustees supported 'the unions' position that schools should be denied options for funding and self-management' (The Press 21.7.94) - a contravention of SCG confidence and protocol that even government sources at the time described as 'extraordinary'.

With the ending of the SCG, the conflict in education was once again in the media spotlight, the 'two years of peace' (PPTA News, April 1995:4) seemed to be over. Throughout the term of the SCG, the release of information to the media had been strictly governed by operating protocols, with statements concerning the issues under consideration by the group made either by Anderson himself or with

his prior approval. With the disintegration of the group, however, conflict over education once again became headline news²⁰.

The SCG Becomes the MRG: Same People, Same Issues...?

On October 5 1994, in the Wellington 'Evening Post', the Minister of Education signalled that bulk funding was once again back on the agenda. Citing the slow pace of change in education and the rigidity of the current system, Smith was determined to find some way of giving schools more control over their resources:

I could do the easy thing and do nothing and keep the union leaders happy, or do I try to do the things that are right for the students? I don't feel I have any choice. I must do what is right for the students.

His clear support for the implementation of bulk funding highlighted his rejection of both the reports submitted by John Anderson and the work of the SCG overall. While the newspaper report noted that Smith intended 'to have a careful look at the report of the SCG', he viewed it as 'inappropriate' to comment on how he might proceed with the issue. It became abundantly clear how he intended to proceed later in October, however, when the government announced it was establishing a new education group to replace the SCG - the Ministerial Reference Group (MRG). The MRG was established in November with the same participants as the SCG, although this time with a reduction in number of representatives from the NZEI, and was given the same issues to consider: to advise the Minister on both 'a rational system for generating the staffing resource entitlement and delivery mechanisms' (Report of the MRG February 1995:4).

The speed with which the MRG was formed so soon after the demise of the SCG suggested that the bulk funding agenda was to be continued²¹, but this time with the Minister more firmly in control of

²⁰ After a quick trawl through The Press for 1993, news items on education for the year numbered 11; to September 1994 there were 30, with 27 of those occurring over June, July and August.

²¹ By this stage Smith had received the report from Dialogue Consultants. According to one source, the Ministry of Education were keen to pursue bulk funding via the unified staffing structure outlined in the Dialogue Consultants report. The similarities between the unified entitlement of the Dialogue report and the core resource

the process. With the Minister determined to see progress made towards bulk funding, the semblance of legitimacy lent to the SCG by the independence of its chairman as well as its putative 'consultative' role, was dispensed with for the MRG. The 1992 warning that had been given to Smith by his Ministry concerning the selection of an independent chairperson - that John Anderson may be 'less inclined to follow [the Minister's] direction' over the issue of bulk funding - was heeded this time. The Minister himself assumed the chairmanship. Keeping the SCG at arms length from the Minister and officials, and Anderson's vigilance in keeping it so, had clearly created a space within which some representatives on the SCG could attempt to articulate independent opinion. For the MRG, though, this was not to be an option²².

In spite of resorting to direct control of the group himself, Smith persisted with claims of independence for the MRG. In a speech at the annual conference of the NZ Intermediate School Principals' Association, he noted:

In their work, [the MRG] were constrained by the government's fiscal strategy, just as I am everyday (sic). But within that constraint they were granted powers which are unprecedented in New Zealand education policy development. The final report was the work of the group as a whole. It was not my work nor that of the Ministry of Education....The report did not, therefore, reflect the particular views of any one person, but the collective will of the group. And those who accepted the unprecedented powers of the group - in practical terms, the delegated powers of the Minister of Education - have had to accept the responsibility for that power, and the venom which change always creates (Smith 7.6.95).

entitlement of the MRG report are marked - with parts of the former reproduced verbatim in the latter. Further evidence, perhaps, that the MRG, like the SCG, was not about consultation.

²² Interestingly, the participation of government officials within the MRG was limited to speaking when spoken to - they were observers who could comment only when specifically invited (Sunday Star Times 12.3.95).

With the need for changes to the salary funding mechanism for the 1996 school year to be in the Orders in Council by June 1995, the MRG met over December and January and produced their report for the Minister in February 1995²³. And with respect to bulk funding they affirmed what could perhaps be considered, for the Minister, the second best option²⁴:

8. *All boards choose:*

either

to be staffed and payrolled centrally,

or

*to receive the resource entitlement in cash for staffing,
with the right of review after three years.*

With the exception of the PPTA, all MRG members were heralded by the Minister as accepting the package as a whole (ibid). And although the NZEI had their opposition to bulk funding formally registered in a footnote to the report, Bruce Adin nevertheless signed NZEI's agreement to it²⁵. The 'monumental opposition' (The Press 29.10.94) threatened by NZEI to any attempts to impose bulk funding through the reference group never eventuated.

²³ Given that the SCG deliberated for two years on much the same issues, the short time-frame for the production of the MRG report might be explained by its similarity to the existing Dialogue Consultants Report of September 1994.

²⁴ It is highly likely the Minister's preference for outcome would be to have bulk funding universalised throughout the compulsory education sector. That schools were given a choice might be considered a very small victory for the opponents of bulk funding.

²⁵ It is interesting to speculate on the role of the establishment of the Government's Working Party on a Unified Pay System in appeasing the opposition of the NZEI to the bulk funding proposals. Throughout the latter half of 1994, the NZEI had become increasingly militant in the face of government refusals to consider pay parity. In the face of threatened strike action by the NZEI, the Government agreed to set up a working party to consider the issue. A perusal of the NZEI newsletter, 'Rourou', over the latter part of 1994 and the first half of 1995 indicates clearly that the focus of NZEI action was on achieving pay parity not opposing bulk funding. The collapse of the SCG in September 1994 was duly noted, yet discussion of bulk funding was curiously absent.

CHAPTER IX - CONCLUSION

Do we really feel that we can win the bulk funding battle?...Maybe we can move the problem sideways into a forum and continue to address the real issue of funding for education overall. They're excluding teachers from policy making and we, I guess, saw very much our role as social partners, as part of the process of government. The other side of that is that if you're part of the process you don't have the option at the end of kicking up a stink (Martin Cooney, PPTA President, 1992).¹

There are two quite distinct positions identifiable concerning the function of the Schools Consultative Group - one of which is embodied by the quote above. For the education sector groups who participated, the SCG was, potentially at least, a forum within which issues of general concern in education could be debated by those groups with specialised knowledge and expertise. In short, it was the forum by which education sector groups could, once again, have legitimate and formalised input into policy by virtue of their positions as professionals. The second position is that of the government - or, from the dearth of material available from this particular source, what can be *inferred* as the position of the government. Given the context in which the SCG arose in 1992, the tensions surrounding its operation and its dissolution almost two years later, it would appear that the SCG was intended as nothing more than a short-term solution to the specific crises of 1992 and as a containment strategy for the very public campaign of opposition the teacher unions were conducting.

Given these competing perspectives, it is clear the SCG was the site on which a two-dimensional contest was being waged - a contest *between* participants within the SCG, as well as a contest *over* the SCG as a site of contestation between the state and the teacher unions. Not only did

¹ From 'Teach the Children Well: the Secondary School Power Struggle' by Rosemary McLeod, North and South magazine, October 1992. This provocative article, in which the position of the PPTA on bulk funding was presented in a somewhat partisan fashion, was typical of the 'teacher-bashing' undertaken during 1992.

individual groups within the SCG struggle over the specific issues considered by the group, primarily bulk funding, but they also engaged collectively in a broader struggle with the state over the positioning of the group as a genuine consultative body. It was a contest, following Jessop, that arose out the neo-Liberal institutional form of the state and was manifested, simultaneously, as a crisis of support for the state's hegemonic project as well as its institutionalised modes of interest representation. The solution to this institutional as well as strategic crisis, it was suggested in Chapter III, was the reversion by the state to a corporatist-style strategy more typical of relationships within the education state prior to its restructuring during the 1980s and was, thus, something of a political anomaly. The Schools Consultative Group must be seen, in this context, as both positioned within a specific terrain of struggle, but at the same time also as a strategy to transform the larger terrain on which educational struggles were carried out.

Four questions arise from this particular hypothesis: firstly, was the SCG a corporatist-type body; second, if it was, to what extent was it an anomaly within a neo-Liberal state form?; third, why was a corporatist strategy pursued as a solution to the education crisis of 1992?; and, finally, was the SCG a 'success' in terms of achieving what it had been set up to achieve? These four issues will be dealt with in turn.

What Was the SCG?

There are, clearly, a number of answers to this question, depending upon the perspective of each of the participant groups. The most significant to be considered here, however, are those of the government and the teacher unions who, in the *dramatis personae* of the 1992 conflict, were plainly the leading characters.

For the government, the SCG appeared to serve a number of purposes. Firstly, and most obviously, it was to function according to the tasks outlined in the initial terms of reference, as an advisory group to aid the resolution of the specific issues around which education conflict was being waged - most notably the bulk funding of teachers' salaries. It was to be a forum in which the various education sector groups, appointed by the Minister of Education, could potentially have input into the policy process as it related to the funding mechanism for

teachers' salaries. This particular function of the group was clearly not supported by the Minister of Education, Lockwood Smith, as suggested by the involvement of the Prime Minister, Jim Bolger, and the Minister of State Services (and later Minister of Finance) Bill Birch. The involvement of the most senior members of the National government, unusual in the setting up of consultative groups in other sectors, is perhaps a good indication of the politically sensitive nature of the conflict that was occurring during 1992 and of the extent to which the government as a whole, not just the Minister of Education, would reap the consequences were it to continue. The appointment of a specific configuration of participants, however, suggests that the Minister took the SCG as an opportunity to advance the agenda of school self-management. So, while he did not endorse the mechanism of the SCG as appropriate for the solution of the bulk funding crisis, he did appear to take the opportunity it offered to shape the outcome of the group's deliberations.

Secondly, and less obviously, it was the forum in which the specific industrial conflicts between the teacher unions and the government were to be mediated and resolved. The third, and perhaps the most important, function of the SCG was that it provided the means by which a very public conflict between the teacher unions and the Minister of Education could be removed from the public arena, thus sparing the government as a whole the political consequences of the hostility.

Clearly, these functions are not exclusive. Indeed, it could be argued that shades of all three are evident throughout the life of the group. In its initial phase, in the settlement of the issues causing immediate conflict - the introduction of the Salaries Grant for Management, the commencement of the bulk funding trial as well as issues concerning the negotiation of collective employment contracts - the purpose of the group was to resolve these issues. Its specific status was never clear, however, thus putting the group potentially into conflict with the Ministry of Education. Once the original disputes were settled, once its corporatist-type function had been completed, the SCG became an advisory group to the Minister of Education as outlined in its quite tightly prescribed terms of reference. And overall, in both phases of its operation, the SCG successfully contained the conflict over bulk

funding, and education issues generally, and kept it out of the public arena until the demise of the group in September 1994.

The teacher unions shared with the government the view that the SCG represented the best means by which to achieve particular goals. Indeed, in an important sense for the unions, the SCG *was* the goal. For the unions, while endorsing with some scepticism the function of the group to resolve the bulk funding issue, the SCG presented a crucial opportunity to gain what they believed to be their legitimate right to representation and input at the political level on all 'professional' issues, a position that appeared to be widely shared with the other participants in the group. The opportunity the SCG offered to the unions clearly outweighed the disadvantages. For both the PPTA and the NZEI, it meant foregoing their strategy of maintaining a public and hostile campaign of opposition to education policy in the hope of embarrassing the government and possibly forcing some policy concessions. The question of *whether* to join, an issue raised by the unions, was quite clearly never an issue of substance, although mistrust of the Minister of Education and doubt over the constitution of the group was obviously cause for concern for both. Given that the SCG presented the only opportunity for political input to be offered since the implementation of *Tomorrow's Schools* in 1989, however, it was highly unlikely the unions would refuse to participate.

For the unions, too, the SCG was the mechanism by which the issue of bulk funding might finally be disposed of. For the PPTA it seems likely that agreement to recommendation 10², which evidence suggests might have been an outcome of its deliberations prior to agreeing to participate in the SCG in 1992, and agreement to the implementation of the Salaries Grant for Management, was the price by which the rest of the bulk funding policy might be bought off. The NZEI, although also trenchantly opposed to bulk funding, saw the SCG as an opportunity to pursue their goal of increased primary staffing, an issue they were successful in getting referred to the SCG for consideration.

² '...the mechanism for the financing of teachers (sic) salaries be the payment of the applicable staffing formulae combined with the actual salaries of teachers employed into school bank accounts, with teachers paid by boards according to applicable contractual arrangements.' (SCG *Principles and Mechanisms* report, December 1993). In effect, recommendation 10 advocated the extension of the Salaries Grant for Management mechanism to all teachers.

Having staffing debated by the SCG effectively left the NZEI leadership free to concentrate on pay parity, an issue of increasing importance to its wider membership. As Jesson (1995) notes, albeit in relation to the PPTA, both unions can be seen to have engaged in behaviour best described as 'rational opportunism' with regard to the opportunities presented by the SCG.

Was the SCG a Corporatist Body?

The life of the SCG fell into two distinct phases; the settlement phase, from October 1992 to April 1993, during which time the immediate issues which had created the conflict during 1992 were dealt with, and its advisory phase, from April 1993 until its demise around September 1994, during which the substantive issues contained in its terms of reference, as well as the other issues subsequently referred, were attended to. If the SCG could be regarded as being corporatist in character at all, it was only weakly so, and was characteristic of its settlement phase only. Once this first phase was over, the corporatist tendency collapsed and the SCG became simply another 'competitive' policy advisory group to the Minister of Education.

As outlined in Chapter III, particular conditions need to be present for the SCG to represent a corporatist relationship between the state and the interest groups represented: concentration of political interests, a particular configuration of the state and state power as well as some evidence of political exchange in the relationship. These will be dealt with in order.

The Concentration of Political Interests

Quite clearly, the teacher unions, as with the other education sector groups represented on the SCG, could be considered as monopoly non-competitive representatives of the interests of both state primary and secondary teachers; there are no other groups, in terms of either teachers' professional or industrial concerns, competing to represent these interests at the political level. While not compulsory, teachers are historically a highly unionised workforce³, which is the functional equivalent of compulsory membership. Although the difficulties of

³ According to the Christchurch office of the PPTA, membership covers approximately 80% of secondary teachers; for the NZEI, the membership figure is between 96-97%.

applying corporatist theory to professional associations *within* the state have been discussed, a convincing case can be made, as Walsh (1987) notes, for viewing associations of professional state employees as internal interests organised around issues concerning professional autonomy. The challenge to the professional autonomy of teachers evident in the entire neo-Liberal agenda for the restructuring of education is a compelling 'divergence' of interests between the state and teachers.

It might be assumed that the School Trustees' Association would be an ideal corporatist interest group. As the association of trustees who, under the ideal of devolved self-management of schools, would represent the employers of teachers, the STA would be a crucial group to be involved in a tripartite corporatist arrangement involving the state, employers' and employees' associations. However, apart from some difficulties regarding the adequacy of their representation of members' interests, in the current industrial environment in which both primary and secondary teachers are employed under collective employment contracts, the State Services Commission represents the employer - the state - in contract negotiations. As such, the participation of the STA in the SCG, while important for political legitimacy, was not vital for a corporatist arrangement between education sector employers and employees to exist. The only necessary participants would be the state, as employer, and the teacher unions. Thus, for the first phase of its existence, the SCG could be considered, following Cawson (1986, in Chapter III) and in spite of the presence of the STA, an example of weak bipartite sectoral meso-corporatism between the teacher unions and the education state, that is, those agencies functionally involved in the delivery or monitoring of state education.

If this is the case, however, the presence of representatives from other interest groups needs to be examined. As with the participation of the STA, the other groups represented on the SCG served two purposes: first, and most importantly, they lent legitimacy to the appearance of the group as a 'genuine' and inclusive forum for consultation with the wider education sector. Secondly, and less obviously, they were the means by which the Minister of Education shaped the configuration of the group in order to influence the outcomes of its decision-making

processes. In relation to this latter purpose, what these other groups illustrate, as Bull (1992) notes in relation to political exchange (Chapter III), is the creation of 'insider' groups for overtly political purposes, by attributing to some of them a representational status entirely disproportionate to the 'constituency' or interest they putatively represented. This was demonstrated most clearly in the appointment of the members from the bulk funding trial schools. While almost all representatives on the SCG were there by virtue of their representation of a genuine constituency of interest, their presence was also determined by the need of the Minister, as outlined in Chapter VI, to provide 'countervailing' voices to those of the teacher unions. So, while the presence of other groups is not vital to the positioning of the SCG as weakly corporatist, they are significant insofar as they were part of the strategy of the Minister to shape the membership and, thus, the operation, of the SCG.

The Nature of the State and State Power

According to Bull (1992, in Chapter III), the emergence of corporatist relationships is only likely where a high concentration of political interests within civil society, as well as a 'strong' state, exist. In the presence of the former and absence of the latter, the strength of the interests within civil society would be sufficient to 'colonise' the state, resulting in what Bull, in his typology of state-group relations has labelled as rule by private interests. Conversely, in the absence of concentrated political interests and the presence of a strong state, state rule over weak interests would prevail. Under both these particular sets of conditions, a corporatist form of articulation between interests and the state is rendered unnecessary. Corporatism, thus, walks a theoretical knife-edge by requiring both a strong state and strong interests; each strong enough to resist the other, but not sufficiently strong to act autonomously to pursue their particular interests at a given political and/or historical conjuncture.

According to Jessop (1990), state strength or weakness, that is the *power* of the state, is the outcome of the strength or weakness of particular forces pursuing specific strategies within and through the state or its agencies, and may be influenced by the articulation of particular agencies that form a 'state within the state' - a constellation of agencies identifiable by function such as the education state. Thus it is

particular *strategies* that can be characterised as either strong or weak. In the context of the New Zealand state, the strategy from which state strength is derived, a strategy which ultimately became the hegemonic project of the state, is clearly the economic and political strategy of neo-Liberalism. As noted by Gamble (1988) in Chapter IV, part of this strategy is the creation of a 'strong' state, achieved, as was also outlined in relation to New Zealand, by the contraction of the boundaries of the state and the concentration of the forces therein, coupled with new forms of control and accountability. Within the public sector new forms of agency control, the contracting out of functions previously carried out by the state, contestability and, most significantly for the existence of the SCG, the removal of vested interests from the state bureaucracy, have resulted in a state more limited in function, but strengthened in its capacities to protect both the policies of the state and the free-market order they promote. As Gamble (1994:39) points out:

Once all illegitimate functions and responsibilities are stripped from it the state is no longer the weak state of social democracy, overburdened by ever-widening responsibilities and infested by special interests, which seek to use the political process to portray their sectional interest as the public interest. It can concentrate on defending what is the true public interest - upholding impartially the rules of the market order.

As was also noted in Chapter IV, this process of stripping away 'illegitimate functions and responsibilities' was clearly evident in the institutional restructuring of the education state during the late 1980s under the provisions of Tomorrow's Schools and subsequent amendments to the Education Act 1989. As such it can be argued that the nature of the education state met the conditions required for the emergence of corporatist relations, even though the specific neo-Liberal form of the state made the pursuit of such relations unlikely. And, in relation to the strength of the interest groups the education state confronted during 1992, there was clearly some risk involved in acting authoritatively to complete the agenda for the self-management of schools and to *impose* the bulk funding of teachers' salaries. In short, although the state was 'strong', it was constrained by the strength of the opposition of a significant portion of the education

sector as well as by the need to be seen to be acting legitimately. The capacity of the state to act autonomously, or the limitations on this capacity, is a key feature of the third prerequisite of corporatist relations, political exchange.

Political Exchange

It is clear from the operation of the SCG that political exchange was a characteristic of its 'settlement' phase only, that is, when negotiating the truce between the teacher unions and the Minister of Education, and even then was only partially evident. As noted by Bull (1992) in Chapter III, political exchange occurs where the state gives up part of its decision-making authority in exchange for the adherence of the membership of participant interest groups to the decisions made. During its first six months of operation, negotiation between the SCG and the Minister centred around consultation over implementation of the Salaries Grant for Management, the entry of schools into the bulk funding trial and the salary levels of senior teachers who would be subject to the SGM. In exchange for the cessation of union pressure on schools in the TSG trial, the lifting of the moratoria on the Achievement Initiative and the implementation of the SGM without disruption, the Minister guaranteed closure to the TSG trial, confirmed that consultation over the implementation of the SGM was to be a function of the SCG, and partially guaranteed the salaries of senior teachers - albeit with the proviso that government expenditure was subject to change over time.

During its advisory phase, however, there is no evidence to suggest that the Minister ever considered giving up decision-making authority over the question of salaries bulk funding to the SCG, or on any of the other issues subsequently referred to it. Indeed, what evidence there is suggests a quite contrary view. For instance, the operating protocols specifically prevented the SCG from challenging government policy decisions or implementation processes and self-management, including bulk funding, was already a stated policy goal of the National government. Furthermore, the action of the Minister of Education early in 1994, in revisiting the issue of the TSG trial and preparing to re-open it for new participants, would indicate that his own views on the question of salary funding mechanisms had not been altered by the suggested solution of the SCG, recommendation 10, reported to him in

the December 1993 report. If he was supportive of recommendation 10, the extension of the trial would be somewhat redundant.

Conversely, with particular reference to the bulk funding debate, it was not clear that the wider membership of either the PPTA or the NZEI would adhere to recommendation 10. As noted in Chapter VIII, when reported at the annual meeting of both unions, members greeted the proposal negatively, viewing the extension of the SGM to all teachers as simply another form of bulk funding. On both sides then, the Minister and the unions, there was little evidence of political exchange over the issue of salary funding mechanism. Indeed, the reception of recommendation 10 by the Minister confirms the view of SCG operation at this time as that of an advisory group, with the Minister free to choose whether or not to accept the advice being offered.

Within the settlement phase of the SCG, the losses and gains of both the unions and the Minister can be postulated. Both lost in terms of autonomy of operation, but this was not particularly significant for either. For example, according to one source the PPTA were very concerned about their capacity to sustain a campaign of opposition. And although the decision to participate was debated 'long and hard', the creation of a forum such as the SCG was the goal of the PPTA and, as such, relinquishing an increasingly fragile autonomy of action in return for participation was not a loss of any consequence. For the Minister, loss of autonomy was no loss at all, as he had never been in the position to act autonomously. If he had, it is highly likely he would have acted to impose bulk funding. At the time the SCG was formed, it was clear the government were constrained by the potential political impact of a very ideologically-committed Minister of Education maintaining a very bloody conflict with the teacher unions, and which looked like remaining unresolved through until the next election.

By participating in the SCG, however, the unions lost more than autonomy of action. By agreeing to the formation of the SCG, and their involvement in it, they both essentially lost their 'bargaining chips'. While the capacity of the PPTA to sustain their campaign of opposition was questionable, once the threat of public conflict had been removed both unions lost what leverage they initially had. Once

inside the SCG, with the threat of hostility effectively contained within its boundaries, the government were, theoretically at least, at liberty to ignore the unions' demands. In addition to this, both unions, by letting the government 'off the hook' so publicly in the conflict over bulk funding, could be exposed to the accusation that the goal of regaining representation at the political level challenged the primacy of the goal of defeating bulk funding as government policy, bearing in mind that they both effectively agreed to a modified form of bulk funding in the form of recommendation 10.

Union gains, however, were two-fold. Firstly, they were able to wring concessions from the Minister of Education during the settlement phase of the SCG over the bulk funding trial and the introduction of the SGM, while they still had the leverage of industrial action. Secondly, and most importantly, they regained political involvement - the long-term goal of both unions, and an attempt to reproduce the close relations with the state that, historically, they had benefited from. Attempts to reposition the SCG as a genuine consultative group ultimately failed, however, and its recommendations to the government ignored. Effectively, the gains for the unions from the SCG were industrial but they lost significantly in terms of advancing their professional concerns.

The gains for the state were also two-fold. Most importantly for the government as a whole, not just the Minister, the widespread hostility in the education sector to the government agenda for self-management was removed from the public arena, and, in effect, gave them 'two years of peace'. Secondly, the exercise in 'consultation' had the effect of legitimating the input into major decision-making forums of an assortment of groups who had previously been 'bit-players' in the education debate - an involvement which has considerable implications for the future of 'consultation'.

The SCG and the Neo-Liberal State

As an apparent exercise in interest group consultation, the SCG was a significant anomaly in the context of a neo-Liberal state, given that one of the primary purposes of education restructuring, as elsewhere, had been the removal of self-interested teachers and bureaucrats from policy decisions and their implementation. The SCG, in its initial

weakly corporatist form, could be considered something of a contradiction. However, as discussed in Chapter III, corporatism, as a form of socio-political articulation, can theoretically co-exist with several different state forms. While most frequently associated with the Keynesian forms of state intervention, corporatism is not specifically proscribed by neo-Liberal forms of state.

In the context of a neo-Liberal state, however, corporatist arrangements may only appear less likely to arise, given the ideological position taken on interest groups in general and provider capture in particular. For example, the structural rearrangement of state agencies, such as occurred in the transformation of the old Department of Education into a policy-only Ministry, effectively removed the entry-points into the state previously utilised by education sector interest groups. Conversely, though, it could be argued that just such a state form could make corporatist arrangements *more* likely. The political vacuum created by the withdrawal of the 'strong' neo-Liberal state, as noted by Gordon (1992), might in fact encourage the creation of mechanisms through which the state may attempt to govern 'indirectly and at a distance'.

Specifically in relation to the SCG, however, it was only weakly corporatist in relation to the settlement of the industrial conflicts which arose during 1992. For most of its existence, the SCG was eminently compatible, and operated entirely consistently, with the neo-Liberal model of contestable policy-advice bodies - a view which explains the hostile stance of the Ministry of Education towards the SCG. However, despite the best attempts of its participants to position the SCG as the only legitimate representative forum, it was ultimately unsuccessful as they effectively had no means by which to compel either the Minister or the government to take specific regard of their recommendations. The strategy which had resulted in the formation of the SCG, that is a public campaign of opposition to the government, was explicitly precluded by the operating protocol of the group. When viewed in this way, the fact that all SCG advice was disregarded becomes immaterial. Within the neo-Liberal context, the SCG would be accorded no greater legitimacy than any other forum for advice merely because they represented education sector groups. Indeed, their recommendations were probably to be distrusted for this reason alone.

Although SCG members viewed the group as the legitimate forum for the resolution of wider educational and professional issues, this was not a view shared by the Minister.

A further point can be made concerning the existence of corporatist bodies within a neo-Liberal political framework. In relation to the SCG, a distinction can be made between neo-Liberal ends and means. As Bull (1992) points out, corporatist strategies do not necessarily imply a change of goals by participants, simply a change in the means by which they may be achieved. That the Minister was committed to the self-management agenda, of which bulk funding was a significant part, remained unchanged. If the view is taken that the Minister saw an opportunity to advance bulk funding through the SCG, it could be argued that the SCG was simply an uncharacteristic means to achieve a decidedly neo-liberal end. If the teacher unions used the forum of the SCG opportunistically, so too did the Minister of Education.

Why Pursue a Corporatist Strategy?

Some answers to this question have already been alluded to. One, a simple rational choice explanation, would be that the SCG represented the best means available to both the state and the teacher unions to achieve the most gains for the fewest losses. Such a response, though, is a little simplistic. For the government, there was, effectively, no choice. During the conflict of 1992, the government could not afford, politically, to either ignore the conflict or to impose solutions - although this is arguably the solution the Minister of Education would have taken. An escalation of the conflict, under such circumstances, was a distinct possibility.

Although the potential political consequences were a constraint on government action, the most significant constraint was structural. The education crisis that culminated in 1992 had its origin in the institutional restructuring of the 1980s. The wider neo-Liberal restructuring created a vacuum in both the education sector as well as in the industrial relations arena. In both, mechanisms by which conflict had historically been mediated, had been removed. Industrial conflict was conducted in the public arena as the arbitration mechanisms of the old I. C. and A. Act had been replaced by the provisions of the Employment Contracts Act of 1991. Within the

education state itself, the new institutional form specifically excluded oppositional education sector groups from input at the political level. According to Jessop (1990), the changes in the mode of interest representation into the education state, as well as changes to the mode of state intervention, created a political crisis in terms of support for the restructuring agenda. That the crisis was generated by issues concerning the representation of interests rather than simply opposition to the reform programme can be demonstrated by the actions of the PPTA. In order to gain representation at the political level, the PPTA pursued a compromise solution to the issue of bulk funding that they may have even been responsible for suggesting - recommendation 10. This was bulk funding in another guise, a point brought home to the PPTA executive by the opposition of their members to it.

In essence, the neo-Liberal labour market restructuring had dismantled industrial relations mediation mechanisms and education restructuring had expelled the unions. Thus, any solution that involved the education state representatives and the teacher unions to communicate with each other was, in effect, likely to be corporatist-looking for the simple reason that mediated solutions cannot be achieved with groups who no longer have a stake in the game. The adoption of something like a corporatist consultative group was one of the means by which to bring previously excluded groups back into the picture. As Martin Cooney notes in the introductory quote, 'if you're part of the process you don't have the option at the end of kicking up a stink.'

Was the SCG 'Successful'?

Given that the formation of the SCG was the result of the actions of different forces operating to achieve a diversity of goals, there are several answers to this question. As a means of reaching a settlement to the specific issues that arose during 1992, issues set against a backdrop of antagonistic collective contract negotiations under the auspices of the Employment Contracts Act, the SCG could be considered a success. Although 'negotiating the truce' took almost six months, the SCG, as a forum for mediation, achieved a settlement to the immediate conflicts in 1992 to the point where the substantive

work of the group could proceed, and which effectively ended the unions' public opposition to the government.

As a strategy to contain the conflict between the Minister of Education and the teacher unions during 1992, then, for the duration of the SCG, this was also a success. Over the two years it was in operation the SCG, and the issues considered by it, had a very low public profile, a deliberate constraint imposed by the group's operating protocols as well as by John Anderson's chairmanship. In this regard, the SCG did provide 'two years of peace'. For the unions, too, the SCG was a success of sorts. It was the first political forum they had participated in since *Tomorrow's Schools*. And as both had continually pressed for inclusion at the political level as part of their professional role, the SCG successfully, although temporarily, achieved this goal.

As a consultative group, however, the SCG did not succeed. Although none of the recommendations made by the group on the issues it considered were heeded by the government, this was not the basis of its failure. As the providers of 'contestable' policy advice within a neo-Liberal environment, the government was free to take the advice of the SCG or to ignore it. That the advice was largely ignored was immaterial. The source of its failure as a consultative body lay in the core issue that the SCG was established to consider - bulk funding. It was an issue that shaped the both the form and the function of the group. The appointment by the Minister of Education of supporters of bulk funding created a specific and unbalanced configuration of participants, out of which a negotiated settlement, satisfactory to all involved, would be impossible to achieve. Thus, bulk funding constituted a significant structural as well as operational weakness. In the end, dispute over the funding mechanism for teachers' salaries was the issue that both started and finished the SCG, with the group's termination by John Anderson before an endorsement of bulk funding could be articulated by it. From the unions' point of view as well, the SCG failed as a consultative body because it did not succeed in recreating the form of consultation they required. The SCG was not the old-style 'corporatist' relationship they had previously enjoyed with the Department of Education as the terrain on which the SCG was formed had been fundamentally altered.

However, while the SCG was successful in solving the conflicts of 1992, and in controlling the potential for conflict over bulk funding between the Minister and the unions, its function was essentially palliative. The SCG, as a forum for mediating the struggle between teachers and the government that culminated in 1992, merely attended to the symptoms of a severely dysfunctional relationship between the two, not their most significant underlying cause. The neo-Liberal institutional structure remained intact.

Postscript 1996

As a weak, and, with hindsight, unstable corporatist arrangement between education sector groups and the government, the SCG did not represent a reprise of the previous relationships in the education state of old. Although the strategic contraction of the boundaries of the neo-Liberal state created the need for such mediating forums as the SCG, it is clear such arrangements are not to be institutionalised, although the potential for political crises to arise in education, or, indeed, in any other sector of state activity, has not diminished.

Although the Ministerial Reference Group was established immediately following the dissolution of the SCG, this, too, has completed its work, under the close direction of the Minister, and now no longer exists. The recommendations of the MRG effectively ended the bulk funding debate, making bulk funding (now euphemistically renamed 'Direct-Resourced Salaries' or DRS) a question of individual school choice. Few schools have chosen this form of funding in spite of the ability to opt-out of the scheme after three years. However, the extent to which the education sector is still characterised by conflict and opposition is indicated by the renewed struggles between the teacher unions and the state over rates of pay, performance appraisal, merit pay and, for primary teachers, pay parity. And, in response to government inaction over these issues, the teacher unions are, once more, engaged in strike action, rolling stoppages and have threatened to reimpose the moratorium on the implementation of the new curriculum. It would appear that 1996 is a repeat of the policy stalemate that occurred in 1992 - complete with general election, only this time in the uncertain political environment created by the new system of proportional representation.

That the current relationship between the government and teachers is ineffective is incontrovertible. Indeed, it is the primary source of the conflict that arises between the two. The SCG did nothing to change this, therefore conflict will continue. There is one significant difference between 1992 and 1996, however. Early this year a new Minister of Education was appointed. And, although the new Minister has demonstrated a much less confrontational approach than the previous Minister, the question that remains to be asked for 1996 is, in the context of the prevailing neo-Liberal institutional arrangement in education, does the change in Minister represent a change of substance or merely a change of style?

APPENDIX I - RESEARCH ETHICS

There are a number of ethical issues to be considered before undertaking this research. These issues include:

- *Confidentiality*

Access to documentation, minutes of meetings or any other records will be negotiated. Where the functioning of the Group could be compromised by access to records, the need to maintain confidentiality will be respected. However, while this research would be most productively carried out with the co-operation of the SCG, gaining information under the Official Information Act remains an option.

- *Interview Procedure*

All participants will be given transcripts of their interviews. They will be free to make additional comments, points of clarification or factual amendments. All interviews will be voluntary, with participants acting in their public capacities as representatives of the various member groups of the SCG, not as private individuals. Private opinions on any matter will not be sought.

- *Future use of information*

Interview transcripts, with the agreement of the interviewees, may be included as an appendix to the thesis to allow future readers to draw their own conclusions about the validity of the use of the material. Should this be agreed to, the interviewee will determine whether they wish to be identified.

- *Withdrawing from research*

Hopefully, this will not be necessary. The purpose of this research is to gain as full an account as possible of the formation and operation of the Schools Consultative Group with the co-operation of the members. Accordingly, ground-rules will be negotiated for the research process.

APPENDIX II

Representatives attending the first meeting of the Schools Consultative Group on 22 October were:

Independent chairperson	John Anderson
Independent deputy chairperson	Dean Halford
NZ School Trustees Association	Les Maxwell
	Ruma Karaitiana
Secondary Principals' Association	Br. Pat Lynch*
NZ Principals' Federation	Jean Packman
NZEI	Neville Lambert
PPTA	Kevin Bunker*
Proprietors of Integrated Schools	Fr. John O'Neill
Bulk-funded trial Schools - board chair	David Jackson*
principal	Phil Raffills*
Maori community representative	Iri Tawhiwhirangi

Later Additions:

Independent Schools' Council	1 Jan Kerr
NZ Intermediate School Principals' Assn.	1 John Sutcliffe*

Later Changes

Ian Simpson subsequently replaced Pat Lynch as SPANZ representative when he became president, although Pat Lynch continued his participation as the representative for the Association of Proprietors of Integrated Schools instead of John O'Neill; Joanna Beresford* and Bruce Adin were representatives for NZEI after the death of Neville Lambert; Mark Farnsworth* replaced Ruma Karaitiana for STA; and John Fleming* replaced Jean Packman for NZPF.

* Members interviewed.

EDUCATION PRIORITIES IN THE SCHOOLS SECTOR

Introduction

1. Two parallel sets of reforms have been carried out in the education sector over the last ten years. The administrative reforms contained in "Tomorrow's Schools", and the curriculum and assessment reform on which the New Zealand Curriculum and Qualification Frameworks are based.
2. During his term as Prime Minister and Minister of Education David Lange referred to these as the "two legs of the double". In one way this is an apt analogy since unless success is achieved in both "legs" the dividend is not paid out.
3. It is also apt in that it describes the approach taken to the reforms. They have been carried out largely independent of each other. This on many occasions has led to conflict and confusion in schools which are ultimately responsible for their implementation. It has also resulted in one component of the reforms becoming the focus of this confusion and conflict.
4. This paper attempts to trace the historical relationship between curriculum and assessment and administrative structures, identify the competing objectives and policy conflicts which must be balanced in the sector and suggest some ways in which these may be resolved.

Role of Education in New Zealand

5. The Ministry of Education Consultative document spells out the "National Aims for the 21st Century". The second aim is that of a "high level of achievement in the essential learning areas and essential skills throughout the compulsory schools years."
6. Since the Education Act of 1877 which established "free, secular and compulsory" education the role of schools has primarily been to impart the body of knowledge and skills that the society of the day considers "essential". Essential in terms of both its economic and social goals.
7. What has changed over the years since the 1877 Act is the breadth and depth of what is considered to be essential knowledge and skills.
8. In 1877 primary education was considered capable of imparting these. Secondary education was only available to those who could afford to pay fees or won scholarships to the few secondary schools.
9. Various social pressures arising in part from the depression, which lasted from the 1880's into the 1890's, the emergence of a modern economy and the increasing role of the state, rather than the provinces, in the regulation of social and economic life in New Zealand led to increasing criticism of secondary schools as elitist and inappropriately reflecting the english class system many colonists had sought to escape.
10. The Secondary Schools Act of 1903 marked a turning point in the accessibility of secondary education. The essential nature of secondary schools did not change however, despite repeated attempts to broaden the curriculum. Although by 1915 there were three distinct categories of secondary school: the 'secondary' school, the district high school, and newly developing technical high schools, the domination of the University Entrance Examination on the curriculum was a feature common to them all.

11. Between 1910 and 1920 there were a series of reforms in the areas of curriculum, teacher training and salaries, determination of staffing levels and school administration. All of these were part of a gradual centralisation of the system, which culminated in the 1920 Education Act which authorised the establishment of national staffing and salary scales.
12. Prior to this district education boards received grants under a capitation system. Secondary schools received capitation grants for free pupils on a sliding scale set against net income from endowment lands. Neither system distinguished between a salaries and operational component, or took into account school size, location or regional differences in operational costs. The result was substantial differences in the average salary of teachers and in class sizes. It was the perceived effect of these differences on the quality of teaching that led to the 1920 Act.
13. Following the depression and the election of the Labour Government in 1935 there was an increased emphasis on education. The school leaving age was raised from 14 to 15, free post primary education was made available to age 19 and five years olds were once again admitted to schools. The proficiency examination sat at the end of primary schooling was abolished and effectively replaced by 5th form examinations.
14. These measures reflected the expectation that learning the essential skills and knowledge required schooling up to the age of 15. However, there were still concerns about the 'academic' nature of courses offered by secondary schools. In the 1940's half of secondary school students left before they had completed two years. There was concern that this meant they were not receiving a "sound basic education".
15. These concerns led to the Thomas Report in 1942 recommending the separation of the University Entrance and School Certificate examinations, and the establishment of a compulsory curriculum for the lower secondary school. These recommendations were incorporated in the 1945 Education Act.
16. In the prosperous years of the 1950's and 1960's the essentials continued to be taught to students in the lower secondary school. The School Certificate examination became both a credential for the job market and a means of determining a students appropriate place in the job market. Senior secondary schools offered preparation for the 'academic' vocations, and those who 'failed' School Certificate went on to obtain skilled and semi skilled work with, in some cases, additional training on the job.
17. It was during this period that educational debate began to focus more and more on issues of equality of opportunity as social expectations, particularly with regard to the role of women, went through fundamental changes.
18. Primary schools continued to develop excellence and expertise that became increasingly recognised internationally.
19. Pressure to broaden the curriculum, this time in the senior secondary school mounted in the 1970's. Schools saw that they would require greater flexibility in order to offer an increasing range of options to their students. The Secondary Staffing Report of 1983 based its recommendations on staffing levels in the senior school on this premise. Unemployment increased the pressure on schools as, repeating the pattern of the 1880's and 1890's, students who could not obtain work returned to school.
20. It became clearer that the academic focus of the senior school could not cater for the needs of the students staying on to the sixth and seventh form.

21. Reviews of the curriculum and assessment practices led to the New Zealand Curriculum Framework and the New Zealand Qualifications Framework. The essential skills and knowledge now effectively require students to attend school till year 13, the seventh form. The compulsory school leaving age was raised to 16 in 1993 and at the same time the Government signalled its intention to extend it to age 17.
22. Implementation of the curriculum and qualification frameworks are far from complete. Difficulties in implementation have frustrated many who support their basic thrust. They have also come under attack from teachers, academics and other sectors of the community.
23. It would seem critical that, if they are to stand any chance of success, the completion of the curriculum and assessment reforms becomes the priority in education over the next two to three years.
24. This is the context within which policies on the quality of teaching, resource allocation, institutional structures and any further administrative reform should be made.

"Tomorrows Schools" Administrative Reforms

25. The need for reform of the administrative structures in education was generally accepted at the time the Picot Taskforce to Review Education Administration, was established. The degree of control exercised by the Department of Education over school decisions was viewed as inflexible and inappropriate. A consensus existed about the need to redefine the relationship between the central authority and the individual school in a way which would devolve greater decision making ability to the school.
26. The consensus broke down on analysis of the objectives of the devolved structure. On the one hand the devolved system was seen as an extension of the state sector reform model to schools, on the other it was seen as a vehicle which would enhance the involvement of parents in education.
27. While at a superficial level the structures recommended by the Picot Taskforce appeared to be able to deliver on both objectives, in practice it has created confusion over the roles of the various groups involved.
28. The thinking behind the objective of greater parental involvement is that of democratic schooling and empowerment to produce the best local school community response within the policy and resource parameters set by the central agencies. The partnership between parents, teachers and the government as representative of wider societal interests is stressed as are democratic processes for resolving the conflicts which would invariably arise.
29. This concept of partnership was one key aspect of "Tomorrows Schools". The running of the institution was described as a partnership between the professionals and the community within which it was located, the Board of Trustees being the mechanism serving the partnership. The charter was to be the covenant, or contract between the community and the school and the school and the state.
30. The extension of wider state sector reform to education devolution applies a model which uses devolution as a mechanism to enhance individual freedom of choice by competition between education providers. The trustees become the managers of a business competing for custom with other providers. The interests of the state as owner and funder are dealt with by an emphasis on outcomes and accountability.

31. The focus of a democratic system is the school community, the focus of the second model is the individual.
32. The interaction between objectives resulted in the unique nature of administration reform in the education sector. For example, unlike the health sector where a distinction was made by the National Interim Provider Board between purchase and provider interests, both interests are devolved to the school in the education sector.
33. Where all other state agencies have a management structure which is headed by a professional appointed Board of Directors, Boards of Trustees are elected by the school community and offer their services on a voluntary basis.
34. Another key aspect of 'Tomorrows Schools' was the unification of the separate primary and secondary sectors in a number of important ways. Boards of Trustees replaced the secondary school Board of Governors and primary school control by Education Boards. Teacher registration replaced the separate classification and certification procedures. The operational component of school funding was unified as was property management.
35. Major areas were not unified. These were teacher training, staffing and remuneration structures. These continue to form major barriers to realising the concept of a seamless education system in the schools sector. Boards of Trustees have also become barriers in this respect as they focus inwards on the needs of their school and attracting students in competition with neighbouring schools. There is no agency or forum with responsibility for considering the educational needs of the wider community.
36. Administering for Excellence recognised in part the need for some form of district structure which would give "valuable feed back on the efficient running of the education system" on matters such as funding levels, curriculum, opening and closing of institutions, administrative support, discussion and initiation of policy, resolution of local conflicts of interest and sharing of professional and consumer views. Picot stressed that the district level structures, should cut across sectoral boundaries.
37. Other factors contributed to the confusion created at the school level by the competing objectives of the reforms.
38. The restructuring was carried out during a period of tight fiscal control leading to decisions often being made in order to accede to the simple pragmatic desire to control and sometimes reduce education costs.
39. The Employment Contracts Act changed the nature of employment relationships in schools, particularly those of teachers, over the same period. Narrow industrial objectives became enmeshed with aspects of the reforms, giving contract negotiations the unwarranted status of driving reform rather than supporting it. It also ensured a large measure of support from parents for the teacher unions as they opposed parts of the reform.
40. Whenever a programme of decentralisation has overcome its teething problems few advocate a return to the past. This is the case with the implementation of Tomorrows Schools. One would be hard placed to find advocates of the old education boards or central control over the operations component of school funding. Equally parents, and teachers, are strongly supportive of boards of trustees as a way parents can have a greater say in their school.

41. Many do wish to move on, adapt, and improve the system. The key areas in which clarification and improvement are required are:
- (i) *The role of the Board of Trustees.* It needs to be acknowledged that structures which are viable in enhancing parental involvement are not necessarily the same as those which are viable in management terms. The voluntary nature of boards, the number of schools (2,700), the variation in size (from one teacher primary schools to secondary schools with over 80 teachers), and the intense interpersonal dynamics created by board members being both parents, and involved in decisions which affect the teachers of their children, are all factors which need to be taken into account.
 - (ii) *The financial viability of focussing on the school as the base unit for all aspects of management.* The risks to the school of bad management decisions can result in financial liabilities that they are unable to sustain. Recent examples of successful legal action taken against schools are one example. The isolation and size of many primary schools are other factors as is the increasing inequality between schools related to the relative wealth of school communities.
 - (iii) *The educational viability of schools as stand alone competitive units.* If the objective of equality of educational opportunity is to be achieved some rationalisation of institutional structures will need to occur over time. Currently such rationalisation requires boards of trustees to contemplate their own demise while at the same time competitively marketing their school.
 - (iv) *Removal of barriers to seamlessness.* The form and location of institutions will necessarily need to be responsive over time. Recent attempts to change the form of schools (e.g. the creation of middle schools) have failed or only occurred with political intervention. Existing separate staffing, teacher training and remuneration structures need to be addressed to minimise barriers to change. Structures also need to exist which emphasise the commonality of interest between schools and are able to address the need to rationalise institutional structures in the interests of providing the best education for the wider community.
 - (v) *Central policy direction.* The existence of over five central bureaucracies with no overall effective co-ordination of the various policy strands has created confusion and chaos in schools. Implementation of the curriculum and qualification reforms must be professionally managed by a dedicated unit which is able to place other proposed changes within this context.
 - (vi) *Junction points between the centre and the school.* New Zealand is unique amongst OECD countries in having only two effective loci for decision making, the centre or the school. Many functions such as property management, equity funding, sharing of best practice, risk management and dispute resolution could well be managed in regional support units.

Unresolved Issues

42. The first section of this paper has briefly described the development of the two parallel sets of reforms undertaken in the education sector in the last decade. A number of issues, both ongoing and arising specifically out of the reforms, remain unresolved. This has created a degree of inertia and uncertainty in schools. For the sector to move forward a clear direction needs to be re-established.
43. The issues need to be addressed sequentially, firstly clarifying the role of schools, then how that is best achieved and finally how it is to be resourced.

First Order Issues: Curriculum and Qualification Frameworks

44. Without commenting in any detail on the reforms inherent in the implementation of the Frameworks themselves there appears to be a number of problems with the programme of implementation. These fall into four main areas.

Presentation

45. While there has been considerable effort put into promotion of the Frameworks it would be difficult to find an ordinary parent, or for that matter teacher, with a comprehensive understanding of what they are and what the impact of them will be on their child's education. In the absence of a common community understanding of the change there will be a strong desire to fall back on the familiarity of traditional subject areas and examinations.
46. It may be that a more explicit enunciation of the broad pathways available to students through the units of the Qualifications Framework would assist in establishing this common understanding.

Policy Integration

47. Integration of curriculum and qualifications policy and their operational implications is required in order to provide a framework within which schools can plan. For example schools need to have an understanding of where the emphasis should lie between the Curriculum Framework and the potential range of units on the Qualifications Framework as a student progresses through secondary schooling.
48. Also, integration of courses and programmes offered by schools, and tertiary institutions in response to ITO and academic requirements is needed to ensure that the paths embarked on by students at a secondary school are viable post school and throughout their working lives.

Support for Reform

49. In order to support the reform initiatives the implications for teacher training (pre-service and ongoing), careers advice to students, and mechanisms and structures to support and encourage consistency of standards and sharing of best practice need to be analysed and consequential policy developed and initiated.

Resourcing

50. The current resources provided to schools support the now outdated systems. A re-evaluation of the provision of property, equipment, technology, teacher staffing and teacher support staffing is required in the new context.
51. Some of the answers to the questions raised will not elicit immediate solutions. Many will need to be worked through as schools gain confidence and experience. However, the process of identifying such questions and providing forums for debating and finding solutions needs to be built into any implementation plan.

Change Management

52. The primacy of the curriculum and qualifications reform needs to be established and the relationship between the two clarified. Management of the reform requires a clear implementation plan which takes account of the implications for workforce planning (including pre-service and ongoing teacher training), property and equipment. Teachers and boards need to be able to clearly see the implications for themselves and their schools as part of a realistic implementation programme.

Second Order Issues: Four Policy Areas

53. Four key policy issues underlie much of the debate that surrounds the curriculum, qualification and administrative reforms of the last decade. They are issues which are the subject of ongoing debate and raise numerous questions to which there are no "correct" answers. Resolution of these require a sophisticated balancing of competing demands. In order to introduce sustainable policy reform the solution for the time also requires the support of parents, teachers and principals to make it work.

Parental Choice

54. The primacy given to parental (and student) choice has a significant impact on the allocation and management of resources as it raises questions about the basic unit of devolution - the individual student/parent or the community. Where parental choice is given primacy, parents and students are viewed as customers deciding where to allocate their education dollar (or voucher).
55. The New Zealand debate has tended to focus on choice of educational institution. The validity of state mandated curricula and compulsory attendance is also open to question if the concept is consistently applied.
56. If as argued in the first part of the paper, as a community New Zealand has determined that school attendance and the curriculum is compulsory, student and parental choice must operate within those constraints.
57. The practical implementation of parental choice must take into account other factors such as:
- (i) *The age of the student.* As illustrated by concerns expressed recently by parents in Auckland, access to the local primary school is important. The practicality of five year olds travelling long distances to school stretches the resources of even moderately affluent parents and exclusion from the local primary school is foreign to the expectations of New Zealand parents.
 - (ii) *Location.* For the majority of students the possibility of choice between a range of schools is highly unlikely due to the size of communities and geographical location. Distance learning, home schooling, and boarding school have limited appeal and are beyond the resources of most parents. They are also options which question the role of schools in enhancing social cohesion.
 - (iii) *Property management.* The Property Taskforce drew attention to the fact that parental choice is limited by controls over capital works. The comment by the SCG goes on to point out that schools which are popular would need the flexibility to purchase additional land and buildings to accommodate demand. This would leave surplus property in other neighbouring schools and of course as the 'popularity' of schools change over time, difficulties in efficient property management.

- (iv) *School choice.* Where a school is popular with parents inevitably leads to the school rather than the parent having the choice of which students it will accept for enrolment.
- (v) *Commonality of Interest between Schools.* The concept of the school as a 'one stop shop' is increasingly outmoded. The potential for schools to work together and be resourced in recognition of this is important. For example the sole teacher in an isolated primary school should be able to access the resources of the Correspondence School. Schools should be encouraged to work together for mutual benefit. There should be positive incentives for such behaviour which is difficult when schools are in competition for students.

58. Despite the difficulties outlined above there would not be widespread support for a return to zoning. What is clear however is that access both to the local school, the school of choice, and for rural students, quality education at their local school are key concerns.
59. New Zealand parents have a strong collective sense of the nature of schools, and recognise that schools must mediate across a wide variety of views and the consequence of this is that they will not always get what they personally want. The focus of New Zealand parents especially in the primary years is on the school as representing its local community needs. As students get older and parents look to the school in terms of increasing their child's employment chances, choice of type of school becomes more important.

Equality of Opportunity

60. As economic and social pressures increase, concerns about the ability of the system to encourage all students to achieve their full potential also increase. Examples of system failure become more apparent as students who 'fail' at school go on to fail to obtain employment with associated social costs.
61. An inclusive curriculum and targeting of resources is required to address the inequities that arise. Management of the system is also required to ensure that the quality of teaching and management decisions made by boards of trustees does not vary in a way which penalises students.
62. Parental choice creates difficulties in ensuring that all students receive the highest quality schooling. As one school is perceived as popular it attracts a status which is communicated to the students staff and community. Teachers will be attracted to high status schools along with students, taking with them both professional expertise and resources. While this may benefit the popular school it can have substantial detrimental effects on the surrounding schools as resources diminish, jobs become insecure, and students would rather be elsewhere. The students in these schools may be disadvantaged by the choice of others.
63. Of course these situations can be turned around and occur mainly in urban centres where there are viable options. However, the damage that occurs to the education of students in the lower status school during the process is often unable to be remedied and represents wasted potential.

National Standards and Local Decision Making

64. The desirable degree of local versus central control varies depending on the task. It has been the right of secondary schools to hire and fire teachers since their inception, however the determining of teacher remuneration structures moved from local control to national control in order to address inequities in the ability of schools to pay staff and the resulting inequity in quality of teaching. A high degree of standardisation in curriculum and assessment has occurred alongside devolution of resource management.
65. It would seem sensible to adopt a pragmatic approach when determining where decisions should be made rather than applying the same model to all decisions. One difficulty with the current system is the lack of any effective intermediate structure between the centre and the school. It assumes that a decision about appropriate levels of funding for each school can be made at the centre.

Cost Containment and Effectiveness

66. The drive to reduce costs across the state sector has led to a reduction in real terms in the resourcing of schools. Productivity gains have been made as a result but services have also been cut back.
67. The schools sector is currently resourced on the basis of precedent and historical costs. There is a real need for a comprehensive assessment of whether this is still valid following the curriculum and assessment changes.
68. Schools and communities will always plead for an increase in resources. A sound information base is required to match what is required of schools, spelt out in charter and curriculum statements, with the costs of the system. Such information must underpin systems of accountability, inform judgement about appropriate devolvement of decision making and be the basis of debate about resource levels.

Third Order Issues

69. The issue of third order is the resourcing of the system in order to deliver the curriculum in the way determined most suitable for the time.
70. Other than at times of curriculum and assessment reform the focus of public debate in the schools sector is most often on the level and form of resources delivered to each school.
71. During a time of reform it is important to re-examine resourcing levels and form to ensure that they support the change.
72. An examination of these issues is the subject of another paper.

Summary

73. This paper makes the case for consideration of specific school sector issues in the context of the priority in education over the next two to three years.
74. It is proposed that this priority is the full implementation of the N.Z. Curriculum Framework and the N.Z. Qualifications Framework.

75. If this proposition is accepted the issues in the sector that are required to be addressed, naturally fall into three categories:

(i) *General Approach:*

The education sector is always the focus of intense debate as it reflects how we view ourselves as a society, what skills and knowledge we wish to pass on to future generations and what values and belief systems we consider important. Those who work in schools balance the demands of students, parents, communities, employers, government and personal needs on a day to day basis. Their good will is essential to any true implementation of reform. Reform is put at risk if this is not recognised as a feature of the sector that must be managed positively.

(ii) *Change Management:*

Recognition needs to be given to the complexity of the reforms. They require careful management and a sophisticated knowledge of the interactions and tensions inherent in the sector. Experience in the education sector itself, as well as elsewhere in the state, indicate that a dedicated change management team is the best way to integrate policy, implementation and ongoing operational decisions in a time of reform.

(iii) *Administration:*

The Picot reforms need to be adapted and improved to clarify the role of boards of trustees, reassess the financial and educational viability of the school as the base unit for all aspects of management, address the absence of meaningful co-ordination of policy at the centre, remove the remaining barriers to a seamless education system and create effective junction points between the centre and the school.

TEACHER STAFFING RESOURCE DELIVERY MECHANISMS OPTIONS

1.0 Introduction

- 1.1 The Schools Consultative Group identified and commented on a number of delivery mechanisms in its interim report published in December 1993.
- 1.2 Having completed the staffing review in the first half of 1994 the Group returned to the question of delivery mechanism. Discussion centred around two proposals;
 - (i) partially bulk funding all schools based on the divisions of the teaching role contained in the conceptual staffing framework, and
 - (ii) allowing schools to choose the kind of delivery mechanism considered most appropriate to their school. In very general terms the choice would be between delivery in teaching hours, delivery in cash or a mix of the two in a proportion to be determined by each board.
- 1.3 It was recognised by the Group, at its meeting on the fourth of July, that further work of a technical nature needed to be carried out in order to describe the options in detail, investigate their effect on schools, and cost the proposals.
- 1.4 The Group was consulted on the wording of the terms of reference of a technical group to undertake this work and the agreement reached was communicated to the Minister of Education in mid August.
- 1.5 This paper describes and comments on the four options now available to the Government in determining the mechanism for delivering resources to schools in order for them to employ teachers. These are:
 - (i) Retain the status quo,
 - (ii) Apply a type of bulk funding to all schools,
 - (iii) Offer boards a choice of delivery mechanism,
 - (iv) Apply partial bulk funding to all schools.
- 1.6 Two closely related issues are also discussed, the amount of resource delivered to each school, and the approach to employment contracts.
- 1.7 The paper is divided into the following sections:
 - 1.0 Introduction
 - 2.0 Status Quo
 - 3.0 Full Bulk Funding
 - 4.0 Board Choice of mechanism
 - 5.0 Partial Bulk Funding
 - 6.0 Level of Resourcing
 - 7.0 Approach to Employment Contracts

2.0 Status Quo

- 2.1 Removing the Teacher Salaries Grant (TSG) and Salaries Grant for Management (SGM) from the picture, the status quo could best be described as the delivery of up to 90% of teacher salaries in hours or full time teacher equivalents and the smaller proportion in cash.

Key Considerations

- Delivery in teacher time ensures that schools are able to appoint the best teacher for the position irrespective of the costs of employment. In order to control these costs a national collective employment contract is required to set at least maximum and minimum rates of pay within a framework of employment conditions.
- It also draws a direct link between an assessment, made nationally, of the teaching time required to deliver the curriculum and the resources received by a school.
- Certain aspects of the current formulae have invested it with rigidity that is not necessarily intrinsic to the delivery of resource in time. An example is the specification of certain management positions in the staffing Orders in Council.
- Given that a number of initiatives in place (SGM) or due to be implemented over the next two years (outcome of the review of supplementary resourcing) already redefine the status quo its maintenance is not strictly viable.
- Under such a scenario a number of key issues would remain unresolved and be vulnerable to adhoc decisions. These would include the future of the TSG trial schools, the desire for greater flexibility in management structures particularly at the secondary level and the interface between the secondary and tertiary sectors.

3.0 Full Bulk Funding

- 3.1 This option delivers all resources to schools in cash. This is the TSG scheme trial model although changes to the formula determining the nominal national pay rate could reduce the number of schools whose existing staffing bill falls above or below the formula entitlement.

Key Considerations

- This option would face strong opposition from opponents of bulk funding and proponents of school choice alike resulting in loss of board and teacher goodwill. However if implementation in face of such strong opposition was achieved it would have the advantage of administrative completeness.
- Ongoing opposition would be related to problems of the new system rather than the change itself. Research indicates that these problems may not be inconsequential. It is clear that not all boards of trustees would be capable of managing such a system without considerable support. This was the reason for the SCG recommending in its interim report that full bulkfunding not be applied to all schools.
- While initially some schools with disadvantaged students may benefit, in cash terms in transition to the new system, once established it creates a stronger relationship between the total income of a board and the type and number of teachers it is able to employ. If devolution of responsibility for employment contract negotiations followed this link would be stronger. Questions are then raised about the ability of the Government to provide resources to less advantaged schools to offset those that well off schools could use to supplement teacher salaries.
- The ability to manage the sector over time becomes more complex under full bulk funding than at present. Changing institutional structures is difficult in the current context. In an environment when the educational and financial viability of existing structures to deliver the requirements of the curriculum are being questioned, this is an important factor.
- Bulk funding of all schools has the potential to increase the predictability of the teacher salaries budget although the degree to which this would be realised in an environment which encourages choice of school and thus the potential for a high degree of student mobility and movement of resources is debatable. Certainly it would make the variable effect of the current incremental steps for "basic scale" teachers a school level issue rather than one dealt with on a national basis.
- In order to reduce the number of schools whose actual budget would be below the notional average in transition, the bulk funding formulae would have to be set at the top of the current basic scale. An analysis of the cost of this was incorporated in the terms of reference of the technical group proposed by the SCG. As the demographics of the teaching workforce changes and older more expensive teachers leave the system, the potential for overall savings is lost under this proposal.
- This model is consistent with the move towards self managing schools. It allows boards to have full control over all their resources and the flexibility to make decisions on the type and mix of resources that best meet their needs.

4.0 Board Choice of Mechanism

- 4.1 This option was proposed initially to the SCG by the School Trustees Association. It is proposed that boards are given the choice between delivery of resources in cash, in hours/full time teacher equivalents or any proportional mix of the two.
- 4.2 Because of the difficulty of analysis of this option without the detail of the options before it the SCG recommended that a technical group carry out such work.
- 4.3 The Ministry of Education considers that only a small number of schools would choose a bulk funding option, at least initially.

Key Considerations

- Offering boards a choice of mechanism acknowledges that bulk funding is not appropriate for all schools. It is not a real option for a large number of schools due to factors such as the opportunity for flexibility being related to the size of school, the nature of existing contractual arrangements and the expertise available to the school on its board of trustees. This could create a degree of resentment between schools based on a sense that some were benefiting at the expense of others.
- Schools which picked up bulk funding under this option could be expected to have a high level of commitment to making it work, a characteristic of schools in the TSG trial. This would be especially so as they would make such a choice in an environment similar to that prior to the setting up of the SCG. That is, a school based union campaign of opposition. This opposition would threaten the viability of implementing wider reform in the sector at both a school and national level.
- The option would allow schools to benefit from bulk funding when they were ready to do so, however as relatively few schools could be expected to opt in few would benefit.
- Boards could be expected to make the decision based on optimising the resources available to the school. This would have the effect of maximising the costs to the system but no more so than a total bulk funding formula set at a level to cover the most expensive salary structure.
- Questions of management of the system over time are raised under this option with respect to viability of changing board membership, rationalisation of schools and implementation of change. Details such as whether boards could change their decision and the scope for varying the choice of mix of cash and hours are critical and as yet undefined. If a new board were unable to review a previous boards decision the conclusion would be that this option was less about choice than about bulk funding by evolution.
- The relationship of the SGM to this option would need to be determined but TSG schools could obviously continue with little or no change should they wish.
- Management of such a system per se would have high ongoing risks and transaction costs as schools constantly reviewed their decision on the most appropriate delivery mechanisms. The practicality of managing a large number of different delivery mechanisms for over 2,700 schools is also questionable.
- Under this option the issues would remain at large and the debate around the best could be expected to continue and be vulnerable to political change. At best a small number of schools would gain some benefit from, in the main, optimising the level of resourcing achievable.

5.0 Partial Bulk Funding

- 5.1 This option would consist of an increase in the proportion of all schools funding delivered in cash. The way in which the cash proportion was decided would be aimed at addressing the main areas requiring increased flexibility. There are a number of ways of determining the proportion to be bulk funded. The potential of changing the proportions in the future is not ruled out.
- 5.2 One way that has been discussed by the SCG is the delivery of the equity and management components of teacher staffing in cash. Depending on the formula, size and type of school, this could cover up to 45% of teaching staff. The consistency of delivery of the core curriculum would be maintained by delivery of this component in teaching hours.

Key Considerations

- It could receive the support of the unions as well as the majority of boards and principals, thus retaining the goodwill in the sector essential for the effective implementation of the wider reform programme.
- It allows all schools to benefit from the experience of bulk funding in a manageable way.
- Implementation of the option would enable the SGM system and TSG schools to be accommodated.
- This option would represent a considerable step forward from the status quo and provide both the basis for further reform and a relatively settled environment in the schools sector.
- It is not however the full bulk funding model and as such would require the maintenance of some form of centralized contract negotiating.
- This would create the opportunity for reform of the teacher employment contracts particularly in the creation of greater flexibility in management structures.
- The implementation of such a model would require careful planning to ensure that boards of trustees would be able to cope with the new demands the system will place on them.

6.0 Level of Resourcing

- 6.1 The current levels of resourcing for the employment of teachers have been developed over time in response to the increasing demands of the curriculum. Substantial reviews of staffing levels in primary, secondary and area schools were carried out in the early 1980's.
- 6.2 Since these reviews and their partial implementation, a number of new initiatives and imperatives have come into play. These include the curriculum and qualification frameworks, the impact of new technology on teaching methods, and the concept of a seamless education system.
- 6.3 The current staffing schedules and formulae need to be reviewed in light of these factors. The Conceptual Framework for teacher staffing recommended by the Schools Consultative Group (SCG) provides the basis for such a review.
- 6.4 Attention to this element of the overall question of teacher staffing would do much to allay fears in the sector that policy is driven by a desire to cut the overall cost of the teacher salaries budget.
- 6.5 The description and comment on the delivery mechanism contained herein assumes that work will proceed and result in agreement on new staffing formulae.

7.0 Approach to Employment Contracts

- 7.1 The form and content of the teacher employment contracts are a critical part of the debate over the advantages and disadvantages of the various funding options.
- 7.2 Much of the flexibility sought in managing teaching staff in schools is related to the substance of teacher employment contracts rather than the funding mechanism. For example the call for greater flexibility in management structures, especially in secondary schools, can not be responded to without fundamental change to remuneration structures.
- 7.3 Some definitions of a self managing school also include localised contractual arrangements with the responsibility for negotiation of teacher contracts devolved to the board of trustees.
- 7.4 In the absence of the financial controls of a fully bulk funded system, it is sensible to maintain a large measure of control over the costs of employment at the centre. The degree to which it is appropriate to devolve this responsibility in a bulk funded environment was an issue only touched on briefly by the SCG. It raises another set of inter related and complex questions.
- 7.5 A number of factors argue for little change to this area until other matters are determined and implementation problems resolved. The Employment Contracts Act requires the agreement of each individual teacher to changes in their contract. As fundamental changes are being sought in the way teachers as a group are remunerated the process most likely to achieve the change is a collective one. There are strong signals from the unions that given a positive environment substantial change to existing contracts would be possible. Devolving another area of responsibility to boards when many are indicating difficulties with current work loads and responsibilities would be questionable.
- 76 Robust regional structures to advise and support boards on contract and personnel matters would be critical in ensuring the success of further devolution of employment matters. From a purely pragmatic point of view it may not be possible to make what are perceived to be unpalatable changes in too many areas at one time.
- 7.7 As mentioned the SCG did not discuss the issues of the employment contract in any depth. The above points are observations which require further analysis.

PRIMARY SOURCES

Schools Consultative Group

1. Minutes:

(a) Full Group meetings:

1992: 22 October; 13 November.

1993: 27 January; 28 April; 3 September; 5 October; 2 December.

1994: 1 March ; 27 April ; 4 July (final meeting).

(b) Sub-group on Structural Flexibility and Work Organisation: 18 August 1993.

2. Personal Interviews with Group Members:

Joanna Beresford - Assistant Secretary (Professional/Industrial), New Zealand Educational Institute, personal interview, Wellington 6.10.94.

Kevin Bunker - General Secretary, Post Primary Teachers' Association, personal interview, Wellington 6.10.94.

Martin Cooney - Past President, Post Primary Teachers' Association, personal interview, Christchurch 27.10.94.

Mark Farnsworth - President, School Trustees' Association, interview questions posted, taped responses returned, October 1994.

John Fleming - President, New Zealand Principals' Association, interview questions posted, taped responses returned, October 1994.

David Jackson - Board of Trustees Chair, Bulk-funded trial school, telephone interview, 12.10.94.

Pat Lynch - Representative, Association of Proprietors of Independent Schools, personal interview, Wellington 6.10.94.

Phil Rafills - Principal, Avondale College (bulk funding trial school), telephone interview, 29.9.94.

John Sutcliffe - President, Intermediate Principals' Association, telephone interview, 26.10.94.

3. *Correspondence:*

(a) Chairperson to Minister of Education:

1992: 29 October.

1993: 17 February; 5, 6 and 29 October; 1 and 14 December.

1994: 12 July; 5 September.

Anderson to SCG members 28 February 1993 and 5 September 1994.

(b) Minister of Education to Chairperson:

1993: 23 February; 28 April; 17 and 21 June; 27 July; 5 August.

1994: 26 January; 10 June; 15 July.

4. *Reports by SCG:*

1993:

- Report of the Sub-Group on Property to the SCG, December.
- 'The Principles and Mechanisms for the Financing and Payment of Teachers' Salaries', December.
- SCG Comment on 'School Property for Better Education: Report of the Task Force on the Development of Long Term Policy for School Property' (Titter Task Force), undated.

1994:

- Contextual Paper on the Review of Teacher Staffing Formula, Staffing Sub-Group, February.
- Progress Report of the Exit, Entry and Retirement Provisions Subgroup.
- 'Staffing Review' - Report of the Teacher Staffing Formulae Review Subgroup, July.
- 'Education Priorities in the School Sector' - Final report, Sir John Anderson to Minister of Education, September.

- 'Teacher Staffing Resource Delivery Mechanism: Options' - Final Report, Sir John Anderson to Minister of Education, September.

5. *Other:*

1994:

- 'Primary Staffing' - A Joint Report to the SCG from the New Zealand Principals' Federation and the New Zealand School Trustees' Association, February.
- PPTA Positioning Paper on Staffing Secondary Schools, February.
- 'Schools Operations Grant: Progress Report for the SCG' - Ministry of Education draft, March.
- 'Staffing of Secondary and Area Schools' - An NZSTA Scoping Paper, undated.

Ministry of Education

1. *Correspondence - SCG:*

1992:

- Maris O'Rourke (Secretary for Education) to Minister of Education 30 September.
- Lyall Perris (Ministry of Education) and Doug Martin (State Services Commission) to Minister of Education and Minister of State Services, 6 October.
- Lyall Perris to Minister 12 October.

2. *Correspondence - Bulk Funding:*

1994:

- John Gill (Group Manager, Finance and Support, MOE) to Ministers of Education and Finance Re: Funding for Continuation of the Teacher Salaries Grant System for 1995 and Beyond, 14 February.
- Eric Pederson (Early Childhood and Schools Resourcing, MOE) to Minister of Education: Teacher Salaries Grant - Meeting of TSG Referral Group, 15 February.

- Catherine Gibson (Group Manager Implementation, MOE) to Minister of Education Re: Teachers Salaries Grant Scheme, 22 April.
- Eric Pederson to Minister of Education Re: Directions for the Resourcing of Staffing in Schools, 22 April.
- Elizabeth Eppel (Education Management Policy, MOE) to Minister of Education Re: Attached Paper for Gate-Keeping Ministers on Continuation of the Teacher Salaries Grant Scheme', 2 May.
- Minister of Education to Prime Minister, Deputy Prime Minister, Minister of Finance and Deputy Minister of Finance, Briefing Paper for Gate-Keeping Ministers on TSG, 2 May.

Miscellaneous

- Minister for State Services, Bill Birch, Speech to Education Sector Employers, Parliament Buildings, 12 March 1992.
- Minister of Education, Lockwood Smith, *State of the Nation's Education*, speech to the Rotary Club of Wellington Central, 15 February 1994.
- Schools Consultative Group - Media Statement released by the Ministry of Education on behalf of: Mark Farnsworth, John Fleming, Brian Davison, Pat Lynch, Ian Simpson and Jan Kerr, 10 September 1994.
- Personal facsimile, John Sutcliffe, 26 October 1994.
- Minister of Education, speech to the NZ Intermediate School Principals' Association, Wellington, 7 June 1995.
- Minister of Education, correspondence to Martin Cooney, PPTA President, 23 February 1996.

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